

8.905  
E  
PERIODICAL D

THE LIBRARY OF THE

APR 28 1970

UNIVERSITY OF ILLINOIS  
AT URBANA-CHAMPAIGN

00

VOL. VIII • NO. 2 • APRIL 1970

# DEVELOPMENT DIGEST

V  
8  
2  
  
A  
R  
R  
  
7  
0  
  
XU

The DEVELOPMENT DIGEST is prepared for the Agency for International Development by the National Planning Association, a private, non-profit organization in Washington, D. C.

We would appreciate comments of an editorial nature and suggestions or material for possible inclusion in the DIGEST. Please address:

Editor, DEVELOPMENT DIGEST  
National Planning Association  
1525 18th Street, N.W.  
Washington, D. C. 20036

The material included in the DIGEST adheres faithfully to the sense of the original. It does not, however, indicate omissions, minor editorial changes, etc. For scholarly purposes, the original source should be consulted.

Inclusion of material in the DEVELOPMENT DIGEST does not imply that the opinions and conclusions expressed herein are those of the United States Government or of the National Planning Association.

The material in the DIGEST may be freely reproduced in Latin America, Africa, and Asia (except Japan), either in English or in translation, or may be adapted, provided credit is given to the author and original source, and further provided that the sense of the original is not distorted. Where material carries a copyright notice, this notice must also be included in the credit citation.

Use of funds for printing this publication approved by the Director of the Bureau of the Budget June 2, 1966.

---

For information on how to obtain the DIGEST, see inside back cover.

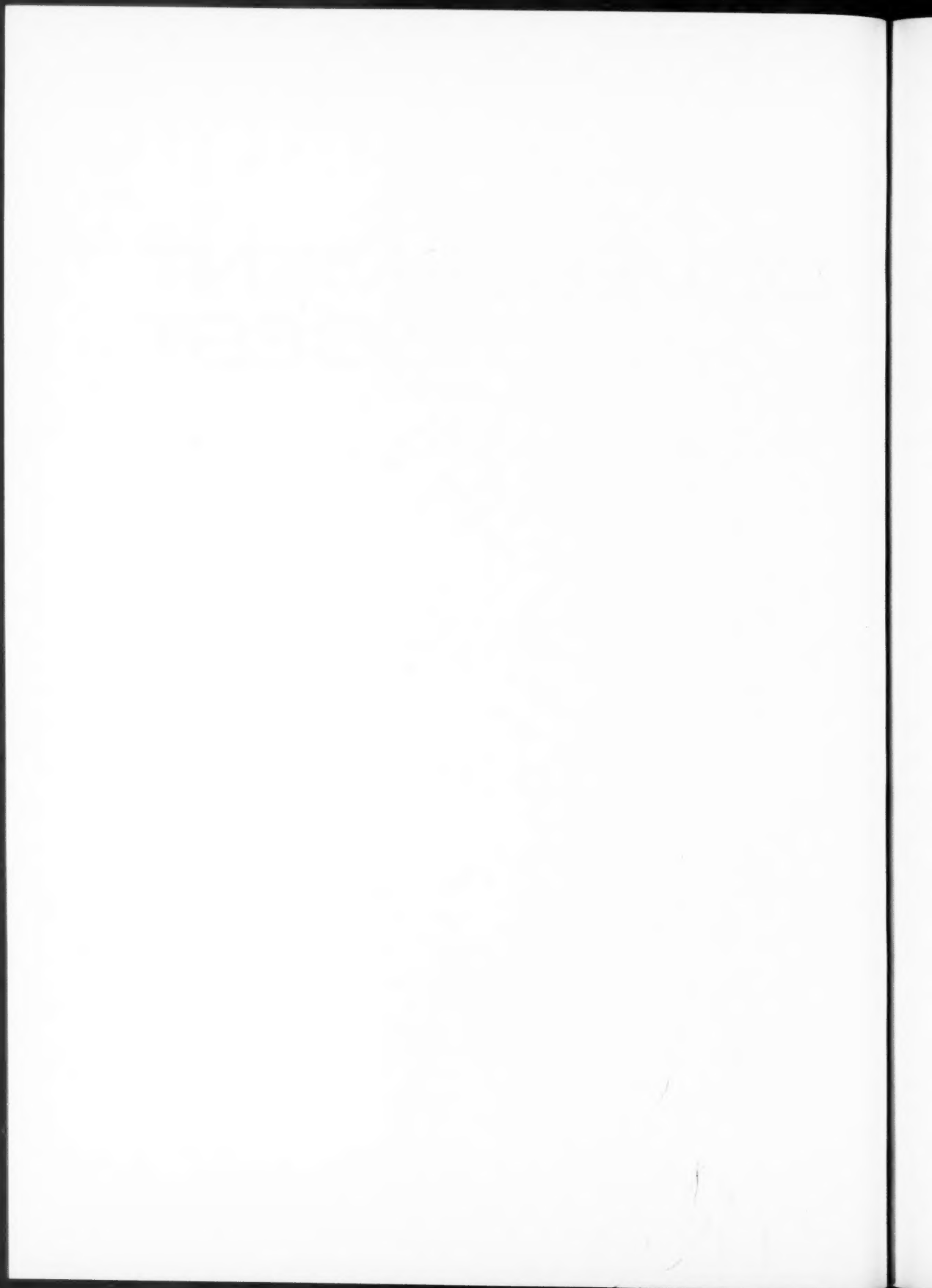
# DEVELOPMENT DIGEST

A quarterly journal of excerpts, summaries, and reprints  
of current materials on economic and social development

Gordon Donald, Editor; Pushpa Nand Schwartz, Associate Editor  
Prepared by the NATIONAL PLANNING ASSOCIATION

for

Agency for International Development, U. S. Department of State





## CONTENTS

---

Volume VIII - Number 2

April 1970

---

### LAND REFORM

- |  |    |
|--|----|
| LAND REFORM AND AGRICULTURAL OUTPUT<br>Philip M. Raup                              | 3  |
| THE ECONOMIC IMPACT OF POSTWAR<br>LAND REFORM ON JAPAN<br>Takekazu Ogura           | 13 |
| IMPLEMENTATION OF LAND REFORM<br>LEGISLATION IN TWO INDIAN VILLAGES<br>J. S. Uppal | 23 |
| LAND REFORM AND DEVELOPMENT<br>Doreen Warriner                                     | 29 |
| A BRIEF SURVEY OF THE CHILEAN<br>AGRARIAN REFORM PROGRAM<br>Joseph R. Thome        | 39 |
| BRAZIL'S AGRARIAN REFORM<br>Armin K. Ludwig and Harry W. Taylor                    | 42 |

### GROWTH POINTS

- |   |    |
|---|----|
| GROWTH CENTERS AND VIABLE<br>RURAL-URBAN COMMUNITIES<br>Douglas Ensminger<br>Prodipto Roy | 55 |
| OPERATIONAL PROBLEMS IN AFRICAN<br>RURAL DEVELOPMENT PLANNING<br>Nikos Georgoulas         | 61 |

### TECHNICAL ASSISTANCE

- |  |    |
|--|----|
| TECHNICAL ASSISTANCE:<br>NEEDS AND SUPPLY PROBLEMS<br>OECD Expert Group, Paris:<br>Chairman, E. C. Parsons | 67 |
|--|----|

EVALUATION OF TECHNICAL ASSISTANCE Organization for Economic Cooperation and Development (OECD), Paris	74
THE ECONOMIST AS POLICY ADVISER Gustav F. Papanek	80
THE CAPACITY OF THE UNITED NATIONS DEVELOPMENT SYSTEM R. G. A. Jackson	86
TECHNICAL ASSISTANCE BY PRIVATE ENTERPRISE Organization for Economic Cooperation and Development (OECD), Paris	97
 <u>SOCIAL CHANGE</u>	
INDUCING SOCIAL CHANGE IN DEVELOPING COUNTRIES Herbert H. Hyman, Gene N. Levine and Charles R. Wright	107
CULTURAL CHANGE AND ECONOMIC DEVELOPMENT Maurice Zinkin	120

(Unless otherwise indicated  
currency is expressed in U. S. dollars)



**LAND REFORM**

"IT'S MINE. IT'S ALL MINE," A COLOMBIAN FARMER SAYS OF LAND JUST ACQUIRED UNDER HIS GOVERNMENT'S LAND REFORM PROGRAM. [PHOTO: U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT/WAR ON HUNGER]

## Land Reform and Agricultural Output

Philip M. Raup

[ The case for land reform as a stimulant to agricultural production rests most strongly on grounds of improved motivation of farmers and their increased private capital formation. Arguments implying greater public capital formation and a better environment for innovation can also be made. Land reforms in Egypt and Japan have clearly increased output, while in Iraq and Bolivia decreases resulted. ]

Land tenure institutions define a farmer's status; they create the framework of expectations within which hopes and fears motivate him to economic activity. They specify the carrot and the stick. Reform is sometimes dramatic; but it is the slow, evolutionary impacts of measures taken after the reform that will decide ultimate success or failure. Our focus is therefore on the changes in motivation that are induced by land reforms. We shall seek evidence of significant relationships between these changes in motivation and the pace and direction of agricultural development.

### Impact of Land Reform on Private Capital Formation

The process of economic growth in agriculture follows a distinct pattern. In its early stages, slow gains in capital stocks predominate. Investment decisions are typically made in small segments, spread over many seasons or gestation periods. Impressive amounts of capital are formed, but by many small, plodding steps, i. e., by an incremental

Dr. Raup is a Professor in the  
Department of Agricultural Economics,  
University of Minnesota, St. Paul.

process that is best described as accretionary. This is quite different from the large-scale, dramatic investment programs emphasized in much current economic development planning. A nation's livestock herd is a good example; increases in numbers and quality, improvements in feeding levels, and better disease protection all take time. Accretionary processes are also important in the stock of farm capital represented by buildings, fencing, water supply, land clearing, ditching, drainage, soil improvement, and conservation. With tree or bush crops the process of accretionary buildup is particularly prominent.

Accretionary forms of agricultural capital formation are the important ones in early development, or in shifting from a cash-crop economy to a livestock-feed economy. The time spans required for these accretionary processes are measured not in years but in decades. Land tenure policy for optimum growth in these phases of development should create patterns of production, consumption, and investment that maximize accretionary processes.

How can tenure security contribute to capital formation? By making the use of a productive asset the preclusive right of an individual or a group. This security of expectation is crucial for biological forms of capital, for slow-maturing enterprises, and for undertakings involving numerous incremental additions made successively over many production cycles. A system of tenure that makes these rights of use and reward specific to the user is a necessary but not a sufficient condition for capital formation. A farm unit must also be large enough to enable the holder to achieve a surplus, and must endure long enough to motivate him to reinvest it in the farm enterprise.

The major impact of land tenure arrangements is upon decisions regarding the allocation of labor time. The cultivator can invest his labor in the farm firm, or in the household. He can invest resulting income in productive assets, or in consumption. He can do this within a short time-horizon, or he can take the long view. The prospects of long and secure tenure can create a condition in which maximum incentive is given for the investment of family labor time in productive undertakings. Livestock care, repair and maintenance of structures, improvement of water supplies, drainage, soil-improving practices, and a variety of similar tasks are often accomplished in what might otherwise be leisure time. Wherever there is surplus agricultural labor and shortage of working capital, the task of the tenure system should be to put people to work. This is when proposals for land distribution are most strongly compelling.

The prospect that subsequent economic development may create non-farm employment opportunities has led many economists to



condemn land distribution programs because of the "uneconomic" size of farm units that may result. In the long run this argument may have validity. But in the shorter run, the waste of capital-forming potential represented by underutilized labor is the more serious concern. One of the most important of a nation's resources is work-time. If it is unused, there is not only an opportunity foregone but an actual reduction in the capacity of the economy to yield a surplus for investment. The resource conservation problem in a developing economy is to devise ways to use resources productively, not to "save" them, and the resource with the greatest potential is human labor. In this sense, the political pressures leading to drastic land distribution programs may also be good economics.

However, the capital-forming potential of land reform inter-relates with other factors. Security of tenure can engender an expectation of long-term rise in real income; but when incomes are falling or are uncertain, decisions regarding household consumption versus investment are most likely to be resolved in favor of maintaining family consumption. Existing levels of living tend to be maintained—at the expense of depreciation or ultimate exhaustion of land and capital.

The generation of new attitudes toward debt and credit is another major contribution that land reforms can make to capital formation. Taboos against debt are characteristic of tradition-bound agrarian societies. The taboo seldom prevents debt, but it tends to preserve attitudes that confine the use of credit to consumption purposes. The emergence of attitudes that relate debt repayment ability to increased output is an important prerequisite for agricultural development. Use of payment schedules for the land based on its income-yielding potential can introduce the concept of amortization; and it can provide a vehicle for supervised production credit under conditions that make supervision acceptable to the farmer. The development of workable schemes for supervised credit has been a prominent feature of successful land reforms. Without this feature, land reform can become little more than an episodic redistribution of wealth, shorn of the dynamic influence that credit can introduce.

These optimum conditions for capital formation in agriculture have been presented in terms of the owner-operated farm firm, but this is not the only tenure arrangement that can create them. It is possible in theory to devise leasing arrangements that will create security of expectations, specific to the operator, and for a long enough period to encourage long-term investment. Leases providing this degree of security, however, are conspicuously absent in the underdeveloped countries of today. The representative lease in underdeveloped agricultural areas is some form of short-term share lease in which the tenant has little or no incentive to devote



income or leisure time to the maintenance and gradual improvement of the real property. Furthermore, if this weak incentive situation is associated with a heavily skewed pattern of income distribution and a prominent "demonstration effect" of conspicuous consumption by a social elite, capital creation will be minimized. A well-designed land reform, in short, can increase both the opportunity and the incentive for capital accretion in agriculture.

#### The Impact of Land Reform on Public Sector Capital Formation

Weak government in underdeveloped regions is often associated with poor quality of education, public health services, police protection, and roads. Fundamental to this weakness is the lack of a local tax base. With semisubsistence production and primitive levels of trade, the most feasible base for local taxation is land and natural resources. But, the inadequacy of land and property tax systems is one of the most serious handicaps to development. Land tenure structures are often responsible for this inadequacy.

The inefficiency of taxation of many small landholdings is sometimes argued. But while administratively it may be easier to collect taxes from a small number of landlords than from a numerous peasantry, politically the reverse may be true. Actually land reform may serve as one of the means by which it becomes politically feasible to transfer the accumulating functions from the landlord to the state.

Public expenditure for education, and in agricultural research and extension can be influenced by the land tenure structure. A large population of small-peasant-type farmers or subsistence producers is no guarantee that research and education will focus on their needs. But support for public investment in research and advisory services is unquestionably easier to mobilize politically among peasant producers, if they are enfranchised and once they begin to understand the benefits that can result. The forms of social overhead capital in agriculture influenced by the land tenure structure might well include water supply, irrigation, local roads, police protection, accessible civil justice, and community recreation facilities.

Land reforms typically lead to important secondary benefits to social overhead capital. One clear example is improvement in systems of cadastral survey and land title registry. The assembly of agricultural statistics, lack of which is a major handicap to many development efforts, can likewise be helped or hindered by a country's land tenure structure and the relations it generates between rural people and their government.

This subject should not be left, however, without pointing out the monumental administrative barriers to these investments in public capital. The history of land reform is a discouraging repetition of overstrain on administrative structures. Everything must be done at once. The overload can doom a program to failure; efficient and honest bureaucrats are always in short supply. The most successful land reforms are those that have relied heavily on local initiative, made widespread use of farmer committees, and attempted some degree of phasing or programming in the process of execution; but these choices are not available to every country. The potentials of land reform for capital formation in the public sector may be great, but they are also most sensitive to all the defects in administration that are associated with underdevelopment.

### Land Reform and Technological Change

How does the land tenure structure affect invention, innovation, local adaptation of new technology, and the diffusion of knowledge? On the one hand evidence is accumulating that big units in agriculture are best suited to the application of developed technology for which the supply of productive factors is easily organized and for which techniques of production are well known. There is also strong evidence that in underdeveloped countries large units in agriculture are best suited to those techniques of production that involve a comparatively small number of similar or repetitive tasks per production cycle. U.S.S.R. experience in this regard is reinforced by similar records of performance in plantation-type structures in Asia, Africa, Latin America, and the Old South of the United States.

However, centrally directed units also tend to discourage adaptability during developmental stages of economic advance. Scarce capital must be committed in large doses to a few units. Bureaucratic rigidity and political risk inhibit innovation. Managers can ill afford the high rate of obsolescence that must accompany a rapid climb up the technological ladder. Big-scale farms also breed centralized supply agencies. The result is a commitment of capital and management, at both farm and prefarm levels, to rigid organizational forms that are better designed to resist change than accommodate it.

This pattern of development in the U.S.S.R. created a network of large farms and supply units without the essential connecting link of small rural supply, distribution, and repair establishments—the counterpart of secondary-wholesale and retail firms in a capitalist market economy. Repair and maintenance problems in Soviet agriculture are monumental. The Soviet Union is not without tinkerers and local handymen who could form the core of innovators, but they lack freedom for experimentation, and they lack local machine shops to give their ideas form and substance.

For comparison, we can take a brief look at the course of agricultural development in Europe and Japan. In the golden age of English agricultural advances in the 18th century, great landed proprietors were not often the ones who took the lead in agricultural technology. The decisive innovators were smaller country gentlemen, owner-occupiers, and larger tenant farmers. The major innovators for whom data are available were themselves operating farmers or were intimately involved in the day-to-day problems of farm management.

There is a parallel history of innovation and technical advance in Japanese agriculture. Many important technical innovations came from the farmers. For example, Sawada points out:

The "regular planting" of rice seedlings took place in some districts as early as 1880s, long before it was embodied in some compulsory measures by the government. Ensuisen, a seed-selecting method using brine, had been contrived by farmers in a district in Kyushu before it was taken up by T. Yokoi, then the chief of a local experimental station. The improved plows which played an important role were invented by veteran farmers in Kyushu too, and propagated throughout the country around the middle of the Meiji era. The rotary weeder, and the treadle threshing machine, which saved much toilsome labour and raised production, were also invented among local people, and propagated rapidly.

It is this pattern of diffuse innovation and adaptation that has no counterpart in developing economies dominated by large-scale units. The Soviet Virgin Lands effort, and British experience in the Groundnut Scheme in Tanganyika after World War II, are more than examples of the difficulties of development planning; they illustrate the dangers of excessive emphasis on size, rigid bureaucratic control, and an exclusive use of large units. The evidence points strongly to the value of a mixed structure of relatively small and flexible units in developmental stages of agricultural expansion.

#### Output Effects of Land Reform

Many of the same characteristics of land tenure that influence incentives to capital formation in agriculture will likewise affect the incentives to increase output so that there may be a surplus to invest. If a land reform is to succeed in increasing output, it must be tailored to the physical, technological and cultural conditions of the particular area, and it must be coordinated with appropriate supporting measures. Consideration must also be given to the form of increase in output that is desired—the added products and their

uses. These and other aspects of the relationship of land reform to production are illustrated by examples both of successful reforms and of some that have so far not been successful in increasing agricultural production.

The Egyptian land reform provides an illuminating lesson. The legislation of 1952, as amended in 1961, provided for redistribution of over 700,000 feddans (one feddan equals 0.42 hectares)—13 percent of the total cultivated area—to an estimated 250,000 families. On land not distributed the law limited rents to seven times the land tax. These tenant security measures affected some 65 percent of total crop acreage.

In the year following land reform the area planted to cotton fell about one third, as did total output. By 1957/58, however, both area planted and yield per feddan were back to pre-reform levels. Since 1961/62 there has been a substantial decline in area planted, but average yield for 1964/65 was estimated at a record level, 43 percent above 1951/52, from a sown area 18 percent below that of 1951/52.

Increases in output since land reform have been especially pronounced in food crops. The official index of gross agricultural output (1935-39 = 100) rose from an average of 106 in 1950-52 to 135 in 1962. For foodstuffs only, the increase was from 110 to 150. Major changes in production practices have been associated with land reform. Better varieties of seed have been introduced, and systematic use of insecticides. Fertilizer use increased from 83 kg. per feddan in 1950 to 97 kg. per feddan in 1959. Plant disease control has been improved. An accelerated program of drainage and reclamation increased the cropped area from 9.3 million feddans in 1950 to 10.4 million in 1962, or 11 percent. There has been a sharp increase in the use of pump irrigation in rice production.

In Delta areas of former big estates, the pre-reform crop was typically cotton, in almost a monocultural pattern. Since land reform, there has been a shift to rice, with triple cropping. The present law limits the cotton acreage of a farm to not more than one third of the arable land. Is this reduction in an export cash crop a wise step? Using activity analysis and prices and costs of production from 1951 to 1955, Hamouda concluded that the area that might profitably be devoted to cotton in the most productive Delta region would be slightly greater than one third of the cultivated area, but not significantly so. The existing agricultural policy thus does not appear to be sharply at variance with cropping combinations that prudent farm management would dictate.

In areas where sugarcane land was distributed to former landless tenants, processing records indicate a production increase per feddan of 20 to 30 percent above pre-reform levels. Since little change is reported in levels of fertilizer application or intensity of irrigation, the changed motivational structure provided by land reform seems to be the major explanation of the increase.

The Egyptian experience also illustrates the crucial importance of supporting land reform by government assistance through cooperatives, community development programs, and supervised agricultural credit. It is one of the few instances in which a distribution of land was followed by a vigorous attempt to provide guidance to new landowners on the scale needed. With credit continuously short and extension workers never in adequate supply, a key to the relative success of the Egyptian program lies in the role played by the cooperatives. In effect, they have taken over the role of the former landlords in providing management guidance needed to permit the fellahen to exercise their newly won incentives for increased effort. Supported by a comprehensive community development program, the cooperatives have shown promising evidence of a flexible approach to production organization along hitherto untried lines.

The Japanese record of agricultural production since the land reform of 1946 is even more impressive. Before World War II Japanese output per acre was already one of the highest in the world. With less than 0.2 of an acre of cropland per person, intensity of land use had reached levels that made it questionable whether any capacity remained for further increases in output. The postwar land reform permitted tenants to buy their lands. The value of total farm production was approximately \$7 billion in 1963, an increase of 38 percent in 10 years. The index of agricultural production (1934-36 = 100) rose from 106 in 1940 to 157 in 1964, in spite of a decline in the cultivated acreage of 5 percent from 1960 to 1963, and a decrease in the farm labor force at a rate of nearly 4 percent per year since 1960. [NOTE: the Japanese experience is described in more detail on pp. 13-22 below.]

Less successful reforms. Not all land reforms lead to increased output. In recent years this has been emphatically illustrated by the Bolivian reform of 1953 and that in Iraq in 1958. In the first 3 years after the reforms, output declines were 50 percent or more in both cases.

In Bolivia, the reform promulgated from the top simultaneously erupted from below. Landlords were dispossessed, big estates were parceled out, and land was given to all who sought it, in a massive and often spontaneous attempt to break the bonds of a semifeudal land tenure structure and a caste-based society. It was ten years before



agricultural output returned to pre-1953 levels; and then only with the help of production from new land opened for settlement by road construction in the Santa Cruz and Beni areas. In areas formerly dominated by large estates and most heavily affected by land reform, agricultural output continues to lag.

There are many reasons for this poor showing, but it is generally agreed that failure to follow through with credit, supervision, and education were primary causes of the disastrous effects on production. Land titles were distributed, but no credit was available to the new owners, and very few trained people were available for other supporting programs. The Bolivian reform may yet succeed; Mexico, after all, took over two decades to digest its land reform of 1915, indeed the process is still going on.

The Iraqi lesson of 1958 is even more emphatic. It had been preceded by over a decade of experimentation with land settlement programs, largely confined to the distribution of state-owned "miri sirf" lands. In spite of oil revenues, bilateral British and American aid, and international technical assistance from the Food and Agriculture Organization of the United Nations, the settlement programs were disappointing. Apart from administrative bungling, one major reason for lack of progress can be traced to the political climate in which postwar programs were conceived. Landowners and associated merchants, who were influential in the Iraqi parliament, saw in land settlement an insulating device to protect privileged positions and avoid more drastic reforms.

This phase ended with a bang in the Kassem revolution of 1958, a revolution fed in good part by peasant frustrations at lack of progress in land reform. Whatever else had been accomplished with oil revenues in the 1950s, there had been no reduction in the extremes of income inequality in rural areas. From July 1958 to early 1963 the reform was dominated by communist political ideology. Expropriation of land was precipitous and sometimes foolish. Land was given in the south to new owners who could get no water and who had no access to credit. Pumps and wells were confiscated, only in some cases to be returned later to former owners in order to obtain irrigation water. Much of the expropriated land was administered by the Ministry of Agrarian Reform, and let to cultivators under tenancy agreements. The initial intent had been to develop collective farms, but no farms of this type were developed. After 1961 new landowners received the land free. Given occasional free use of machinery from hastily created machine-tractor stations, and disbursements of non-repayable "loans," the new farmers understandably developed a "welfare attitude" and neglected the business side of their enterprises.

The Iraqi legislation was modeled after the 1952 Egyptian land reform law, but differences between the two countries were too great to permit successful borrowing. Egypt had had a well-developed system of cadastral survey and title registration for generations; road systems linked almost all villages, and drainage and irrigation systems were highly developed. All these were lacking in Iraq.

No reliable statistics are available of the output decline after 1958. Iraq was a net exporter of wheat and rice during the 1950s; it became an importer in the early 1960s. Fragmentary data suggest declines in foodgrain output on the order of 60 percent. Since November 1963, the government has made a concerted effort to grant secure titles or cultivation rights to farmers, and a beginning has been made in establishing cooperatives. Credit deficiencies and shortages of trained extension workers remain acute. But years will be required to repair the political and social demoralization that prevailed between 1958 and 1963.

The Bolivian and Iraqi land reforms both stand as evidence of the high cost of postponed reform and unplanned implementation. However, in economic and social dimensions their previous archaic land tenure institutions were among the most backward in the world, and the World War II profits from tin in Bolivia and oil in Iraq had created fantastic gulfs between rich and poor. In spite of what can be said against their land reforms, these countries have effectively ended two of the world's worst neofeudal oligarchies—no mean achievement.

[ Excerpted from Chapter 8 of Agricultural Development and Economic Growth, Herman M. Southworth and Bruce F. Johnston (eds.). Ithaca (N. Y.): Cornell University Press, 1967, pp. 267-297. © 1967 by Cornell University. Reprinted with Permission. ]



# The Economic Impact of Postwar Land Reform on Japan

Takekazu Ogura

[ The postwar land reform of Japan aimed at both the rapid establishment of owner-farmers on a wide scale and the stabilization of tenant farmers' status. Its ultimate objectives were the democratization of rural communities and the development of agricultural output. These aims and objectives were attained with a high level of success, though the resulting rigidities in regulation may impose limits on further growth under new conditions. ]

## The Land Tenure System

Soon after the war the government actively began land reform. This attitude on the part of the Japanese combined with the strong policy of the U. S. Occupation Forces brought about a thorough land reform. On 1 August 1950, a total of 1,742,000 hectares of cultivated land was purchased and transferred to tenants, including owner-tenant cultivators, despite some resistance on the part of the landlords. If the cultivated land delivered to the government in payment of property tax and land transferred from ministries are included, the total area liberated reached 1,933,000 hectares, or one third of the total area of cultivated land in Japan. The government also purchased 450,000 hectares of pasture land for resale, and requisitioned 1,330,000 hectares of forest land and uncultivated land to be reclaimed for starchy food production and on which owner-operators were to be settled. Except for those areas to be reclaimed, forest land and uncultivated land was not included in the land reform. However, the forest

Dr. Ogura is President of  
the Institute of Developing  
Economies, Tokyo.

land held by the Imperial Household has since been consolidated into national forest land through a reform of the forestry administration.

Land reform has transformed the agrarian structure. The area of land cultivated by tenants, which amounted to 46 percent of the total cultivated area in 1945, is now less than 10 percent; a downward trend has been continuously maintained. The number of owner-operators, only 31 percent of total farm households in 1945, increased to 70 percent in 1950 and reached 80 percent in 1965.

Table 1: Changes in Land Tenure

	1945		1950		1965	
	Number	%	Number	%	Number	%
<u>Area Cultivated (in thousands of hectares)</u>						
Owner-Farmers	2,787	54	4,685	90	4,819	95
Tenants	2,368	46	515	10	272	5
Total	5,156	100	5,200	100	5,091	100
<u>Number of Households (in thousands)</u>						
Owner-Farmer <sup>1/</sup>	1,729	31	4,228	70	4,538	80
Owner-Part <sup>2/</sup> Tenant	1,114	20	1,310	22	857	15
Tenant-Part <sup>3/</sup> Owner	1,102	20	286	5	157	3
Tenant <sup>4/</sup>	1,574	29	240	4	100	2
Other	18	0	11	0	12	0
Total	5,537	100	6,075	100	5,665	100

1/ Households owning over 90% of total farmed area.

2/ Households owning 50-90%.

3/ Households owning 10-50%.

4/ Households owning less than 10%.

SOURCE: Ministry of Agriculture and Forestry, Agricultural Censuses and Statistics on Results of Land Reform.

Other facts must also be considered, however. As official land prices were kept constant throughout the reform, the postwar inflation resulted in making the reform even more drastic than intended. The period of three and a half years from the autumn of 1945, when the formula for calculating land prices was established, to the spring of 1949 was a time of particularly severe inflation in Japan. In the

case of rice, the government price which had been 150 yen per 150 kg. when the land prices were worked out, increased to 4,600 yen in 1949, and to more than 6,200 yen by 1950. As of 1950, the government price for the average paddy field used for rice cultivation, producing a yield of about 3,000 kg. per hectare, amounted to not more than about 5 percent of the annual yield of the land when converted into terms of rice. The government had made it possible for tenants to pay for land by means of long-term installments extending over 24 years, but this was entirely unnecessary.

In this way the farmers were able to obtain land at a very low price, but it meant that the landlords were virtually dispossessed of their property with little compensation. As was to be expected, the landlords were dissatisfied. A large number of suits were brought in the courts by landlords who maintained that the land reform was an infringement of the rights of private property and a contravention of the provisions of the Constitution. In 1956, however, the Supreme Court ruled that the reform did not contravene the Constitution. Later, former landlords began to agitate for government compensation for those who had suffered as a result of land reform. Public opinion was in general opposed to such compensation, but in 1965 the government party decided to pay former landlords a sum described as a "reward" for their cooperation in the land reform—payable not in cash but in government bonds, which have amounted to a little more than 100,000 million yen [\$278 million]. Because the tenant farmers who benefited from the reform were spared the obligation of paying over a long period for land acquired, they were given some margin with which to enlarge productive investment in their own holdings. In general, when land reform with compensation is carried out, the ex-tenant farmers are placed in the position of having to make annual installments over many years for the land they have acquired, so the transfer of land ownership does not financially raise their position.

Land reform did not abolish tenancy altogether in Japan, but it brought the tenancy relation thoroughly under control. In the first place, severe restrictions were placed on landlords' ability to deprive tenants of their land. Security of tenancy was guaranteed; tenancy contracts could not be cancelled, annulled, or allowed to expire without certain delimited reasons stated by law which were not valid without the permission of the prefectural governor. Permission was granted only if the landlord was able to cultivate the land himself and if the tenant's livelihood would not be embarrassed by his handing back the land. Since these conditions were rarely fulfilled, this virtually meant that once a landlord had leased some of his land to a tenant it would be practically impossible for him to get it back, even if he should require it for himself. A tenant farmer, although cultivating land under a lease, had to all intents

and purposes as secure a hold on the right to cultivate his land as almost any owner.

Further, all levying of rents in kind was forbidden and maximum money rents were fixed by the government at low levels. The controlled rent of the average paddy field represented 13 percent of annual yield, a figure based on the average production and on the average controlled rent. The price of rice was raised almost every year but the controlled rent was not always raised accordingly. By 1965 the controlled rent represented less than 3 percent of the estimated average yield converted to cash; in 1967 the controlled rent was raised, but it still represents less than 10 percent of yield and the average price of paddy fields is estimated at more than 50 times the average rental. Some evasions of the law have been observed; it is said that unauthorized rents are fairly general in respect of land cultivated under tenancy contracts drawn up after the reform. Nevertheless, if we calculate the average rent per 1,000 m<sup>2</sup> for Japan excluding the island of Hokkaidō, the figures are less than one percent of gross agricultural income.

At any rate the Japanese land reform was carried out with a thoroughness scarcely paralleled in history. The land tenure thus brought about is quite different from that of the prewar period. The landlord system has been abolished. However, it is doubtful that the changes in land tenure resulted in the creation of a "free and independent owner-farmer system." Restrictions on land transactions have remained in effect even after the reform was complete. Among these, two restrictions on holdings must be noted. One is the restriction on the ownership of tenant-cultivated land where the resident landlord cannot own more than one hectare (4 hectares in Hokkaidō) of tenanted land, and absolutely no absentee landownership of cultivated land is permitted. In addition, no one can acquire cultivated land for the purpose of leasing it out. The other restriction limits the size of holding to be cultivated by the operator. The acquisition of cultivated land by one whose cultivated land would exceed 3 hectares (12 hectares in Hokkaidō) after the acquisition, is prohibited in principle.

#### The Scale of Farming and the Pattern of Cultivation

Land reform changed the ownership distribution of arable land but did not include any measures concerning the scale of farming. The reform itself did not and could not undertake to remedy the intense overcrowding of land which was set out in the Memorandum for Rural Land Reform of the Occupation Forces as one of the more malevolent of the ills afflicting Japanese farming. Land reclamation which was an important part of the reform should not be ignored, of

course, because it might have acted as a countervailing force to remedy the intense overcrowding of land. However, this work was not begun as a means of expanding existing holdings, but rather as a means both of increasing starchy food production and of finding employment opportunities for displaced people. Moreover, the attempt to reclaim new land was not satisfactorily carried out.

Japanese agriculture emerged from the reform with average holdings even smaller and more scattered than before. This was due to the immediate postwar conditions of unlimited supply of labor: a large number of evacuees, displaced emigrants, and unemployed townspeople returned to the rural communities soon after the war; and some resident non-cultivating landlords took back part of the land from their tenants and began farming, and consequently contributed towards small-scale farming. Although the land reform authorities tried to consolidate scattered farm units to some extent, not much consolidation was carried out because, at the insistence of the Occupation Forces, the transfer of land from landlord to tenant was to be completed within two years, which was too short a time for carrying out much consolidation. When comparing the statistics of the Agricultural Census, it is apparent that the number of farms of less than 0.5 hectares increased from 33 to 41 percent between 1945 and 1950 (Table 2). However, these figures somewhat exaggerate the tendency towards smaller-scale farming because the postwar censuses were biased by a good deal of under-reporting of cultivated areas; farmers feared heavy taxation and heavy quotas for food deliveries.

Table 2: Changes in the Composition of Farm Households  
by Size of Cultivated Area

(1, 000 households/percent)

Period	Size of Cultivated Area					Total
	Less than 0.5 ha	0.5 - 1 ha	1 - 2 ha	2 ha & over	Other	
Pre-Land Reform (1945)	1,783 (33%)	1,623 (30%)	1,461 (27%)	521 (10%)	24 (0%)	5,412 (100%)
Post-Land Reform (1950)	2,522 (41%)	1,973 (32%)	1,340 (22%)	333 (5%)	8 (0%)	6,176 (100%)
1965	2,118 (38%)	1,775 (31%)	1,371 (24%)	388 (7%)	12 (0%)	5,665 (100%)

SOURCE: Ministry of Agriculture, Forestry and Fisheries. The Agricultural Census, 1945, 1950, 1965.



Throughout the land reform, not only small-scale farming but also individual family farming has remained characteristic of Japanese agriculture. During the second world war, encouragement of voluntary cooperative farming was prohibited, as it was suspected of being communistic, and even during the period of land reform after the war, the Occupation Forces showed no interest in cooperative farming. Agricultural cooperatives were only permitted to carry on specific farming operations, but not the running of an entire farm. Since the enactment of the reform no juridical person, including agricultural cooperatives, has been permitted to acquire cultivated land except in certain special cases. Consequently, the cooperative farm or big commercial farm has been extremely rare, and even the largest farm household hires only two or three permanent laborers.

### The Distribution of Agricultural Incomes

The rent paid on tenant-cultivated land together with the estimated interest on capital for owner-cultivated land was calculated at about 50 percent of the total agricultural income from the Meiji period to the 1920s, and 30-40 percent just before the second world war. This ratio influenced the proportion of income reserved on the farm: before the war over 20 percent flowed out from the farm (the ratio of outflow of owner-cultivators was less than 20 percent while that of tenants was nearly 40 percent). This deferred capital formation in agriculture, and contributed to it in industry. Land reform drastically changed the distribution pattern of agricultural income (Table 3). The rate of flow away from the farm decreased during the war and declined to 3 percent soon after the reform. The change in the

Table 3. Changes in the Distribution of National Agricultural Income Before and After Land Reform  
(percent)

Year	Income from Rents	Capital Income	Labor Income	Rate of Reservation	Rate of Flow Away from the Farm
1934	36.94	7.83	55.23	76.01	23.99
<u>After Reform:</u>					
1950	4.05	6.81	89.14	96.59	3.41
1951	3.22	6.56	90.22	96.97	3.03
1952	3.71	7.80	88.49	96.46	3.54

SOURCE: Baba, K. Nōgyō shotoku no bumpai kōzō [Allocation of Agricultural Income], Nōgyō sogo kenkyū, Vol. 9, No. 3 (July 1955), Tokyo, National Research Institute of Agriculture. (In Japanese)

distribution pattern of agricultural income brought about an improvement in the living standards of farm families. The index of consumption of the average farm household, with 1934-36 at 100, increased to 109 in 1951, 128 in 1953 and reached 131 in 1955. Land reform also led to an increase in the total value of real agricultural investment from 72.5 billion yen in 1949 to 169 billion in 1955 (at 1952 prices).

Comparing the budget of the average Japanese landowner before land reform with the average farmer in 1961 we find that agricultural returns have risen to a fair degree, but that expenditures have also increased considerably. The result is that agricultural income has in fact declined rather than increased. The increase in running expenses is not at all due to rents, but is due to the marked increase in agricultural inputs, especially invested capital goods. Thus since the income from agriculture is reduced to this extent, the income rate has declined. In spite of this, disposable income has risen by more than 60 percent, and the level of domestic expenditure by nearly 80 percent. But this rise is derived mainly from part-time non-agricultural occupations.

Table 4: Comparison of Average Farmers' Budgets  
Before and After the War <sup>1/</sup> (yen)

	1934-36		1961 <sup>2/</sup>
	Owners	Tenants	Farmers
Agricultural returns	840	773	979
Agricultural expenditure	-248	-412	-478
- rent	(16)	(223)	( 3)
- interest	(11)	( 17)	(10)
Agricultural income	592	361	501
Non-agricultural income	211	170	796
GROSS INCOME	803	531	1,297
Taxes and imposts	-67	-19	-103
DISPOSABLE INCOME	736	512	1,194
Domestic expenses	-637	-489	-1,133
SURPLUS	99	23	61
Cultivated area, hectares	0.85	0.87	0.81
Number of persons in family	5.2	5.6	5.6

<sup>1/</sup> Hokkaidō not included.

<sup>2/</sup> Converted to 1934-36 prices [approximately 29 yen = \$1].

SOURCE: Calculated from the Farm Household Economic Survey in Ouchi, T. "The Japanese Land Reform," The Developing Economies, Vol. IV, June 1966, p. 142.



Comparing the budget of the tenant in 1934-36 with that of the average farmer in 1961, it is clear that the income rate has risen considerably. Although the sharp reduction in rents was less than the increase in other agricultural expenses, nevertheless the former tenants have obtained agricultural incomes which are about 40 percent greater since the end of the war. Together with income from part-time non-agricultural occupations this has more than doubled their level of consumption and has made it possible for them to have a surplus nearly three times as much as formerly.

The recent marked dependence of the individual farm economy on part-time non-agricultural occupations is due to increased employment opportunities outside agriculture offered by Japan's high growth rate economy. In spite of land reform, farmers have sought part-time employment outside agriculture because their scale of holding is not large enough to assure the full employment of family labor, and agricultural incomes have not risen sufficiently to assure them their desired consumption levels.

#### Effect on Agricultural Production

The most important change in agricultural production was the increase in the yield of rice. At the middle of the Meiji period (1895-99) the average yield was 2.14 metric tons per ha (brown rice). It increased to 3.14 metric tons in the period 1935-39, and to 3.76 tons per ha in 1955-59, and even higher to 3.98 tons per ha in 1960-64. The index of the total agricultural production increased from 100 in 1895-99 to 185.3 in 1935-39 and 257.6 in 1960-64.

The changed distribution of agricultural income made possible an increase in agricultural investment, which provided the basis for technological improvement in agriculture. An increase in material inputs resulted from the rapid postwar industrial development. Assisted by various agricultural price and assistance policies, the owner-farmer displayed his ability to increase production.

The increase of agricultural production after land reform contributed considerably to the recovery of prewar levels in the national economy. Since then the upward trend of agricultural production has been maintained. However, the recent growth rate of agricultural production is lower than in the past, the annual growth rate being 2.2 percent from 1960 to 1965 as compared with 3.9 percent from 1951 to 1960. This slower growth rate results from the supply situation of labor. In this connection mechanization is of great importance. The number of powered cultivators owned by farm households which amounted to 18,000 in 1951, has increased to 1,020,000 in 1961 and 2,725,000 in 1966. In spite of speedy mechanization, Japanese farming could only use a few tractors and fewer combine harvesters because of the small scale of individual farm holdings.

There is a marked difference in development between crop farming and animal husbandry. Since 1960, crop production has been rather static, while fruit and livestock production have expanded rapidly.

Table 5: Agricultural Production Indices  
(1960=100)

Year	Total Agriculture	Total Crops	Rice	Fruit	Animal Products
1950	68.8	74.8	78.3	44.9	28.9
1955	90.4	93.7	96.3	57.8	70.0
1960	100.0	100.0	100.0	100.0	100.0
1963	105.2	96.2	100.0	106.2	155.6
1966	115.9	101.3	99.4	140.3	201.0

SOURCE: Nōrinshō Tōkeihyō (Statistics of the Ministry of Agriculture and Forestry).

In order to expand livestock products, it has been necessary to expand the production of feed. However, the agrarian structure is not properly suited to the production of this item. Although the producers' price of foodstuffs has been supported by the government by various means, the price of feed has been kept low. Soon after the war most kinds of feed were freed from import duties and import restrictions, and the more livestock products have increased, the more the import of feed has increased. The government seems to have given up promoting feedgrain production, but recently has begun to increase the production of grass for dairy farming, and in order to do this it has also endeavored to develop grasslands. The land tenure structure of uncultivated forest land has remained almost unchanged since before the war, despite land reform.

Thus the livestock industry, whose products are in increasing demand, is not well established in Japan, and the production of upland field crops such as wheat, barley, naked barley and rapeseed is decreasing. Consequently, rice still holds the position of the main crop, though recently its share in the total value of production has somewhat decreased, falling from 50.4 percent in 1955-57 to 44.9 percent in 1963-65. The nation's self-sufficiency in rice has been at more than 90 percent. However, the self-sufficiency rate of the total food production (including feed and excepting marine products) which was 84.2 percent in 1955-57, fell to 80.5 percent in 1964-65. This and other situations make it necessary to reconsider the land tenure system, the scale of holding and the pattern of cultivation, etc., in order to expand the agricultural production efficiently.

## Present Agrarian Problems

Japanese agriculture is confronted with the important task of increasing its productivity. The main task is enlarging the scale of farming and reducing the number of part-time small scale cultivators. In the light of the economic and social situation of the individual farmer relative to urban income, the exodus from agriculture is likely to continue and further decrease the farming population. It will then be impossible to maintain or increase production without a rise in productivity, based on enlarging the scale of farming.

Before the war and also after land reform, the minimum size of a viable family farm seemed to be about one hectare of cultivated (five hectares in Hokkaidō), and viable farms occupied more than 30 percent of total farm households. But by the 1960s the viable family farms seemed to have decreased considerably. At the time of the enactment of the Agricultural Basic Law in 1961 there was a big dispute as to whether the cooperative farm or the viable family farm should be encouraged. The Basic Law provisions do not particularly emphasize either one over the other, but it provides for the promotion of cooperatives for carrying out specific farm operations as well as for cooperative farming. Farming Corporations (*nojikumiai*) which undertake cooperative farming (provided for by an amendment to the Agricultural Cooperative Law), together with limited companies organized on a cooperative basis, have been permitted to acquire ownership or leases of cultivated land. The number of cooperative farms rose from 3, 178 in 1961 to 5, 018 in 1965; of these only 589 were established before 1960.

The development of cooperatives for specific operations is more noticeable than the development of cooperative farms. In the past few years cooperatives for specific operations have been carrying out operations such as the mechanization of cultivation, control of disease and insect pests, selections of fruits, and the drying and processing of rice. More recently, the cooperative growing of rice, such as unifying the species of rice grown and the application of fertilizer, has begun to expand within the limits of the hamlet. Thus the pattern of cultivation is beginning to move from individual farming to a new type of farming which depends more and more on cooperative activities. Furthermore, most of these cooperatives are being operated by the younger generation.

[ Excerpted from Land Reform, Land Settlement and Cooperatives. Rome: Food and Agriculture Organization of the United Nations, Rural Institutions Division, 1968, No. 2, pp. 14-39. ]

## Implementation of Land Reform Legislation in Two Indian Villages

J. S. Uppal

[ This study examines the implementation of land reform legislation in Punjab, India, and the opinions held about that legislation by rural households in different tenure situations. Although laws were framed to improve the position of tenants, the result has left them worse off. As of 1966 neither landowners nor tenants were contented with the situation. ]

During the summer of 1966 data were collected from two villages, Chanalon and Santa Majra, in Kharar tehsil in the Ambala district in the Punjab. The village of Chanalon has a total area of 619 acres, with a population of 892, 80 percent of whom derive their livelihood from agriculture; 448 acres are under cultivation. Santa Majra has a total area of 737 acres, with a population of 702, 83 percent of whom derive their livelihood from agriculture; 656 acres are under cultivation. Only 11-12 percent of the cultivated area is under well irrigation in both villages.

### Salient Features of the Legislation

1. Regulation of rent: Maximum rent payable by a tenant is not to exceed one third of the crop or value thereof. Where the customary rent is less than such one third, it is to be deemed the maximum rent.

Dr. Uppal is Associate Professor of Economics at the State University of New York, Albany.

## 2. Security of tenure:

- a) Ceiling on existing holdings: 30 "standard acres" (definition based on yield) not exceeding 60 ordinary acres; orchard or tea estates, cooperative garden colonies, lands granted to members of the armed forces, and well-run farms are exempt from the ceiling.
- b) Ceiling on future acquisitions for personal cultivation: permissible area is the same as in (a) above, subject to the conditions that each tenant is entitled to retain:
  - (i) the entire area, where he holds land from a person who owns land exceeding the above limits; and (ii) up to 5 standard acres in other cases, until alternative land is provided by the state government. Self-cultivation means cultivation by a landowner either personally or through his relatives (defined in detail).
- c) There are two categories of tenants: occupancy tenants who have held land for two generations or have occupied lands for a continuous period of some time on payment of rent or services to the proprietor. Other tenants who are given full security of tenure for a minimum period of 10 years; if allowed to hold over thereafter, it is deemed as renewed for a further period of 10 years, subject to resumption rights granted to landowners for self-cultivation.
- d) Ejection: a tenant can be ejected on the following grounds—failure to pay rent or its arrears, failure to cultivate land, use of land in such a way as to render it unfit for cultivation, subletting of land, holding of an area in excess of the permissible amount.

## 3. Tenant's right to purchase land:

- a) Occupancy tenants: effective from June 15, 1952, property rights will be vested in the occupancy tenants in respect of the land under their cultivation on payment of compensation to the landowner (rates defined).
- b) Other tenants: all others have an optional right of purchase in respect of non-resumable lands provided that such tenants have been in possession of the land for a continuous period of six years.

### Impact of the Legislation

Comparing the status of the 279 farm families of both villages in 1950 with that of the 289 such families in 1966, the following changes were observed:

1. The number of cultivating owner families increased from 100 to 116. More and more owners are cultivating their land themselves or through hired labor. Non-cultivating owners decreased from 126 to 81. The total number of owners decreased by 29.
2. The number of non-owning cultivator families (tenants) decreased from 27 to 7. The tenants are being removed from the land.
3. The number of landless laborer families increased from 26 to 85. The ex-tenants removed from their land have joined the ranks of landless laborers, along with the additional families.

During the period 1950-66, the area under owner cultivation (as legally defined) increased from 66 to 74 percent of the total area under cultivation. However, as Table 1 shows, this does not mean an increase in the land on which owners actually perform the farm work.

Table 1: Changes in Pattern of Land Cultivation  
in Two Villages  
(in acres)

	1950	1966
1. Under owner cultivation	716	820
a) wholly cultivated by owner	549	519
b) cultivated by relatives	132	123
c) cultivated by hired labor	36	178
2. Cultivated by tenants	<u>367</u>	<u>284</u>
Total cultivated land	1,083	1,104

One reason for the decrease in the proportion of area cultivated by owners themselves is that the male members of many families either have found jobs in the nearby urban centers or have joined the armed services. Some owners have declared themselves to be self-cultivators in the official record, though in fact they are getting land



cultivated by tenants (cases of concealed tenancy) or by hired laborers under the supervision of their family members. The area cultivated with the assistance of relatives has remained more or less constant. There has been a large increase in the area cultivated by the owners through hired labor and this is the most important change in the acreages affected by reform.

The increasing trend in the use of hired labor for cultivation has given rise to a new type of land tenure arrangement known as sanjhee. The landowners, who in many cases work outside the village, or engage in other occupations such as shopkeeping and carpentry in the same village, get the land tilled and seeded by hired labor and then contract with a sanjhee (one of the hired laborers) to look after the land, perform day-to-day operations such as weeding, and harvesting the crop. A sanjhee receives one sixth to one eighth of the gross produce, as against one half of the gross produce as rent in the case of regular tenants. In the revenue records the land is registered under owner cultivation, since this new arrangement of sanjhee is not recognized by law.

Tenancy as a legal land tenure arrangement is on the decline. Furthermore, the landowners indicate that they are not prepared to take the risk of losing their land to tenants by renting it on a regular basis when they do rent it out. The prevailing opinion among the landowners is that if one lets the land remain with a tenant for 2-3 years, the tenant is likely to become owner of the land. To avoid this risk, the landowners in these villages are either renting their land for one year only, or making the rental arrangement on a verbal basis, or in some cases concealing the tenancies. The sharp drop in duration of tenancy since 1950 is shown in Table 2.

Table 2: Land Cultivated by Tenants—Duration of the Renting Arrangements

No. of Years	1950/51		1966	
	Acres	% of Rented Land	Acres	% of Rented Land
5-10	40.3	11	16.8	6
4- 5	87.7	24	15.0	5
3- 4	91.2	25	12.3	4
2- 3	59.2	16	14.2	5
1- 2	44.2	12	71.1	25
0- 1	44.2	12	155.1	55
Total	366.8	100	284.5	100



We could not understand the logic behind changing tenants every year. Under the legislation, a tenant cannot be ejected from the land (except for cause) irrespective of the period of his occupying the land. He becomes eligible to buy the rented land only after six years of continuous operation. From discussion with the revenue officials we found that the landowners somehow have the erroneous impression, based on long-standing practice in the villages, that after one year a tenant cannot be ejected.

It is surprising how the tenants have been leaving their land voluntarily after a year. When questioned about voluntary surrenders most of the tenants remarked that in order to live in the village and get any land for cultivation, they have to establish a good reputation for being "cooperative" and "honest" tenants. During the last 15 years there have been two cases where the tenants, at the suggestion of some outside influence, refused to surrender land to the landowners after one year and threatened to go to court to retain the land. Many villagers still remember how these families got the reputation of being "troublemakers" and were looked down upon even by their own social and caste groups since they were creating hardship for other tenants by setting bad examples. Eventually they had to surrender the land "voluntarily." One tenant left the village to settle elsewhere, and the other apologized to the landowner.

Under the provisions of land reform legislation, the maximum rent payable by a tenant is not to exceed one third of the crop or value thereof. Our data show the following trends on the payment of rent: 1) all the tenants renting land on a sharecropping basis were paying rent at the rate of one half of the gross produce of the land, a clear defiance of the maximum legal limit. 2) There is a shift from sharecropping to cash rent arrangements. Average cash rentals in the two villages have risen from 45-46 percent of gross produce for unirrigated land and 49-51 percent for irrigated land in 1950, to 51-52 percent and 56-57 percent in 1966. 3) New rental arrangements—the sanjhee system—are being evolved to defy the legislation and are increasing in scope.

The increase in the amount of cash rent per acre is explained by the scarcity of land. A tenant simply cannot rent land at the rate of less than half of the produce, and if he complains against the excessive rent he will find himself in trouble. The spirit of legislation regarding maximum rent is inconsistent with the underlying economic situation: a scarcity of land arising from overcrowding in agriculture without alternative employment opportunities.

### Information and Opinion on Land Reform Legislation

There is some variation in the extent of information landowners and tenants have about different provisions in the legislation. The provision on regulation of rent is the most widely known among both groups; the provision least known is the ceiling on future acquisition of land for personal cultivation. The tenants are better informed than the landowners about the security of tenure, but less informed on their rights to purchase land. It is our impression that on the whole both landowners and tenants are generally well informed on the land reform legislation, and that its ineffective implementation is due mainly to economic and social factors rather than to lack of information.

There is a general feeling among the tenants that they have not benefited from the legislation. They are more insecure in the terms of their tenure, continue to pay more than the maximum legal rent, feel that their relations with the landowners are no longer cordial, etc. Results from the legislation have fallen far short of expectations, and the tenants generally have developed a cynical attitude towards the government's efforts. Most tenants demand stern government action against the landowners; they feel that half-hearted measures only create more problems for them.

The landowners also express disappointment over the legislation. They feel that the government has given too many rights to the tenants to the utter neglect of the landowners' interests. Their defiance of the land reform legislation is a desperate attempt to preserve the ownership of their land, which they fear is in danger under the provision regarding the tenant's right to purchase land. They know that charging rent at a rate greater than a third of gross produce is illegal, but they justify it on economic grounds; also, rent equivalent to one half is traditional and has been in existence for many, many years. The landowners have suggested that to alleviate their fear and concern, the limit of five acres regarding acquisition for personal cultivation should be abolished.

[ Excerpted from "Implementation of Land Reform Legislation in India—A Study of Two Villages in Punjab," Asian Survey. Berkeley (Calif.): Institute of International Studies, University of California, Vol. IX, No. 5, May 1969, pp. 362-371. ]

## Land Reform and Development

Doreen Warriner

[ The following excerpts conclude a survey of land reform ideas and the experiences in Iraq, Iran, India, Brazil, Chile and Venezuela, along with coverage of Mexico, Bolivia, Cuba, Denmark, Italy, Egypt and Yugoslavia. Land reform can form a basis for agricultural progress, but only when policies well suited to the particular requirements in the countries involved are pursued in this and related fields. ]

From the facts mobilized in this survey, one certain conclusion emerges: agrarian reforms really do liberate. Inevitably this freedom is frustrated and uncertain: the supersonic moments do not last long. But in Iraq and Iran observation showed that it means something to those who gained it; on the documentary evidence, it meant something of the same kind in Mexico, Bolivia, and Cuba. This gain should not be overdramatized; neither should it be ignored.

But no conclusion emerges that agrarian reform is necessary to development. It is unfortunately customary to prove that reform is a condition of development by using Humpty-Dumpty definitions. The wider definition of reform as a comprehensive program blows it up into a concept so all-embracing that it almost amounts to a policy of agricultural development; while "development" can be stretched to include income equality, participation, education, full employment, i.e., to overlap with reform objectives. As the terms become identical, the question of their relation becomes meaningless. But if agrarian reform is understood to mean the redistribution of

Dr. Warriner was Professor at the School of Slavonic and East European Studies, University of London.

income from land—its politically operative meaning because it implies the reduction or abolition of large properties—and economic growth is understood in the usual sense of the increase of national income per capita, then the nature of the relationship is a real and serious question, because on the face of it there appears to be no positive connection between a greater degree of social and economic equality in agriculture and the rate of growth of the economy.

The facts show certain adverse effects of the existing structures in depressing incentives, reducing farm incomes, restricting investment and the expansion of cultivation; but they do not suggest that agrarian reform necessarily produces a more productive land system. The primary effect of reform on development must lie in its effects on production, and these effects may or may not be favorable depending on the conjunction of factors which influence incentive.

The cost of carrying through a reform also influences the economy. Some administrative costs have to be incurred in any case; but these are not so significant as the costs incurred in payment of compensation to expropriated landowners, and these costs can be large. When the rate of compensation payable is high, as in India, or when estates are purchased at market values, as in Chile, Peru and Venezuela, and where the ex-tenants must pay high purchase installments, then the effects on investment in agriculture can be unfavorable. If the landowners, to the extent that they invest, put the funds received as compensation into other sectors where the return on capital is higher than in agriculture, this may assist the expansion of these sectors: but if, as is common, the money goes into apartment houses, the effect on development is not in line with the objectives of agrarian reform.

On the basis of this range of experience, it appears that the more revolutionary the method of redistribution, the greater is the likelihood of reducing production; the more compromising the method, however, the greater is the likelihood of incurring high costs of expropriation. Yet this is too neat an antithesis, since in fact several reforms have increased production without incurring high costs, notably Egypt and Japan, while in Mexico the reform indirectly stimulated investment in agriculture by private landowners. But of the countries observed, only Iran seems to have succeeded, up to a point, in avoiding both dangers.

An important result of the survey is to show that revolutionary governments can carry through reforms which genuinely abolish the old structure without being able to replace it with anything more productive, even though that is their intention. Of the crop of recent reforms, it would not be true to say that the governments

responsible did not know what they were doing. In Iraq, Bolivia and Venezuela, the laws were framed to provide for an integrated organization to support the farmers, and Cuba had a rational policy aim of diversification. Yet in practice the political impetus which drove through expropriation—communism in Iraq and Cuba, left-wing syndicates in Bolivia and Venezuela—could not work on these lines; success does not follow the prescriptions. The revolution brings sudden and violent change, but agriculture demands continuity; the kind of people who make revolutions are not, as a rule, the kind who can organize for increased production.

But what about the long run? May not these revolutions prove to be a condition of better government, democracy, a new social order? Of course they may; but they may also produce reaction; there is a wide range of political contingency. At any rate, they will certainly not prove to be a condition of economic growth unless they oblige governments to take further measures, either through the political pressure exerted by peasant or syndicate movements, to get better conditions, or through the necessity of increasing food production as a result of the reform's failure to do so. As to whether such measures will be taken, the periods reviewed are generally too short to form an opinion: Egypt presents a positive case, but in Iraq and Iran the outcome is still conjectural; in Bolivia and Venezuela also, though Cuban agriculture may be headed for expansion. Mexico offers a long-term positive relationship, created through the agrarian movement which sprang out of the originally chaotic reform and enforced an obligation on successive governments over a fifty-year period to do something about the ejidos, eventually within the framework of general agricultural development policy. But there seems to be no compelling reason why the first stage of upheaval should be succeeded by a second stage of "reforming the reform." As to democracy, the Bolivian reform did not provide a firm basis. Much the same fate overtook the East European countries in the 1920s; although land ownership had been fairly widely distributed, by more or less revolutionary means, the democratic governments set up after the First World War did not succeed in holding power for long. All this sounds rather discouraging to the prospects as envisaged by reform propaganda; but it is better to be realistic, lest disillusion follow on high hopes.

### The Economic Context

What the inductive method does show is not a simple conditioning relationship, but a variety of inter-relationships, depending on the economic context. The countries surveyed contrast with each other in per capita income levels, rates of growth, and forms of underdevelopment. Underdevelopment appears in two of its main forms: as Malthusian overpopulation in India; as the lopsided or unbalanced



economy in Iran, Iraq, Venezuela, Chile and in Bolivia, in which the rate of growth depends mainly on demand for the main export products. Brazil's economy is more complex, combining overpopulation in the depressed region of a country otherwise underpopulated, and overconcentration on coffee as its main export product.

In the unbalanced economies during rapid and fairly general development, the demand for reform can be stimulated by agitation, because their growth increases inequalities and raises expectations of higher incomes. Channeled through syndicates (organizations of farm workers) this demand fulfills a function similar to that of trade unions in developing countries in general, pressing for higher wages and better conditions of work; the agitation for reform is a demand for better status, not necessarily for ownership. Here the question is whether reform can help farm laborers or mini-farmers to share in the gains of growth; and the answer is that it can do so if redistribution results in viable farm units, not too small for efficiency nor unsuited to absorbing the physical inputs which may be needed. In such cases, the demand for reform originates in a dynamic economy and society; it would contribute to future growth if those responsible could get some grasp of the rudiments of farm organization.

In Iran and Iraq, there is another inter-relationship, because the oil industry provides the means of investment, without a dynamic effect on incomes. Investment in the infrastructure preceded reform in Iraq, and posed the question of whether it was right that investment of public funds on such a scale should benefit the landowners and not the cultivators. In Iran, oil revenues are now being invested in water control; the outcome of the reform, though in some provinces more successful in increasing production than that of Iraq, is still uncertain in the country as a whole because landowners can take over the existing water supplies, and new irrigation schemes are not fitted in with the supply of water to peasants' land. Irrigation in both countries is the key to higher productivity in agriculture; the oil revenues, by financing it, can help to level up incomes in the backward farm sector once the new structure is established.

In India, the question of the relation of reform to development is highly problematical, because, although it seems wrong and unwise that so much legislation should have been enacted without being implemented, yet in the present political situation it is clear that the ceilings legislation (maximum size for landholdings) cannot be implemented, and in the present economic situation it is difficult to believe that tenancy conditions can be improved. The case for reform as a means of raising crop yields is that it would help to valorize India's main productive asset, the industry of the working peasants, cut out the dead wood, and improve agricultural organization. But it must also be emphasized that incentives in agriculture



are subject to a nexus of deterrents—high risks, low prices, high cost of equipment, and that the land system is only one disincentive among others. If all these other deterrents could be removed by large-scale investment in irrigation to reduce risks of monsoon failure, by increased supplies of cheaper fertilizers, better marketing, and stable prices, production would doubtless increase—even if there were no redistribution of ownership—because among the working peasants there is this industrious cultivation and some enterprise in responding to higher prices and new methods. Reform may be regarded as a real condition of development in agriculture, but is not a sufficient condition in itself; it is indispensable chiefly as a necessary base for cooperative organization.

Moreover, in the Indian situation, as in all overpopulated countries, the land system's defects are aggravated by the increase of population on the land. Landowners can charge a higher price for the use of the scarce factor; measures to control rents and improve tenure security are ineffective because tenancy agreements are so numerous and informal that they cannot be standardized and enforced, and the cultivators themselves cannot but acquiesce in their evasion because they need employment. Exactly the same problem arose in Egypt, though efforts to enforce rent regulation have been more strenuous. It would also have arisen in Japan, although the law of 1946 was enforced with exceptional authority, unless the number of farm households had been reduced. In India, subdivision of holdings continues, and the number of uneconomic holdings increases; and indebtedness still forces owners of uneconomic holdings to sell to larger owners and moneylenders.

In India, as in Iraq and Iran, irrigation is the key to the reform-and-development complex, in that it is the chief means by which it is possible to see real hope of raising yields and providing the secure basis needed for investment in the complementary inputs. If irrigation could be undertaken on a really decisive scale, i. e., on a scale beyond the scope of India's own financial resources, reform might also come within the bounds of possibility.

What then becomes of the claim that reform of the structure is a necessary or indispensable condition of growth? It can only be regarded as such a condition if all the other things needed for growth will not be undertaken without it. This argument has force in Latin America. One would like to believe that agrarian reform is the key to all the doors that need to be opened—resettlement of people, survey, reclamation of land, conversion to better farming—before this great New World continent can feed its people and sustain its growth. Because the land is there, and landowners use their power to deny access to it (not, as in India, simply to charge higher prices for its use) this belief is not pure wishful thinking; none of these

things are likely to be done unless the social order changes fundamentally. But the conviction that it ought to change rests on a judgment of value about the nature of society, not on any demonstrably probable set of chain reactions.

At best redistribution of ownership can be no more than the first step in a long process of overcoming all the other obstacles—soil erosion, lack of communications, anti-agricultural attitudes—all the ingrained ramifications of the existing structures which would persist even after the large estates were abolished in blockbusting revolutions. What is really missing is something that in the Old World can be taken for granted: experience of agriculture. In the new urban-based civilization, the landowners are absentees and speculators; the "politicized" workers want services and amenities like town workers; officials see nothing wrong with farming by telephone. These urban attitudes are the outcome of a different course of development, in which agriculture has not provided an honored way of life for most of the people engaged in it. Human dignity is valued in this civilization; and work on the land is an indignity.

As things are, the only way in which the urban-rural gap can be bridged is by politicians building up followings among farm workers through the syndicates; these are useful as pressure groups for higher wages, which ought to rise in these countries. It is good that the Campesino Federation in Venezuela, which has played such a great part in raising the level of the rural workers, should be so deeply involved in the reform. But syndicate takeovers do not necessarily produce a viable form of organization: they may do so, as one good settlement in Aragua shows, while one of the Pernambuco settlements was not at all bad. On the whole, however, the syndicate dynamic does not produce an adequate substitute for a policy, as is shown by the derelict estates in Miranda, and also by the poor results of takeovers in Brazil, by experiences in Chile where the syndicates are weak, and the experience in Bolivia.

What the sophisticated educated class seems to need most, if politicians and officials are to be equal to their functions, is advanced education in the agricultural sciences. Again and again, in interviews with revolutionaries and officials, one was reminded that they do not even know that there is such a thing as good farming because they have never seen it. Obviously, it is not possible to reproduce farming attitudes which are familiar in the Old World; new values are needed. As a profession of high scientific qualification, agriculture needs to gain prestige, even the intellectual distinction which Latin Americans so much desire. If this continent is to realize its potential, highly qualified people will be needed to undertake research, organize settlements, educate farmers. If aid-givers would set up research institutes, and offer opportunities

for study in advanced countries on a really lavish scale, they could contribute much to the land reforms of the future.

Ironical as it may seem, the protagonists of reform as a condition of development would be more likely to achieve their end if they disregarded it, and concentrated instead on the practical problem of ensuring a good living standard for the recipients of land. Far more convincing than all these large doctrines, whether based on Marxian analysis or on theories of inevitable growth following a Western path, is the empirical proof of the relation of structure to growth provided by land settlement schemes in South Brazil. So long as immigrant peasant farmers tried to make a living by clearing virgin land, without capital, many failed in the struggle for survival, while the rest survived on low income levels. But where the settlers have been established by an organization determined to provide them with an adequate standard, or by a group sufficiently cohesive to obtain such conditions, they have made a great contribution to the economic growth of the region. In several forms—highly intensive small-scale farming backed a giant cooperative (the Japanese settlers), medium-scale mechanized arable and dairy farming (the European settlers), regional planning (in the North Paraná settlement)—these small states within the state have demonstrated the new structures can improve enormously on the latifundia and contribute to national growth. The result followed because experience had taught that it was essential to get the right sort of land, suitable farm sizes, the necessary equipment, and marketing organization: those responsible had gained this experience in more advanced countries.

### Empirical Verifications

The best way of demonstrating the relationship between structure and growth is to look for empirical verifications of the belief that reform can aid development, rather than to prove that it must do so in terms of general theory or historical analogy. It is a fact that in advanced countries latifundia-minifundia structures are not to be found, nor are their systems of tenancy at all like the landowner-tenant or-sharecropper relationships that prevail in Asia. Their structures resemble each other in so far as farm ownership is fairly widely distributed and family farming is prevalent, though the degree of equality in ownership varies a good deal as between different advanced countries, and there are also wide disparities between them in levels of agricultural productivity. Still, there is enough similarity among them to suggest that this kind of structure is conducive to growth. But their generally higher level of agricultural labor productivity as compared with underdeveloped countries is also related to the level of industrialization and the proportion of the labor force employed in agriculture.

The rich history of different land tenure systems in Europe, of the various rapid or evolutionary reforms or lack of them, and their historical sequels, provides a useful laboratory for testing reform-development relations. [NOTE: Summary omitted here for brevity.] This experience is important because it shows how agrarian reform can be part of an organic evolutionary process, most clearly demonstrated by the reforms in Denmark, and not because it provides an ideal model for underdeveloped countries to follow. The timing of the stages clearly cannot be imitated; it is no use advising underdeveloped countries to begin in the 18th century before European populations exploded. In underdeveloped countries, gradual land purchase is not a practicable alternative to compulsory expropriation and redistribution because the landlord's monopoly power is usually too strong and peasants too poor to buy. It is impossible to envisage rapid agricultural growth in Asia, or Latin America, as entirely financed from farmers' investment of capital: the backlog of neglect is too great, and transition to modern farming involves a bigger step forward than it did in the 18th century. But a good structure will adapt continuously to changing economic conditions, and problems of adaptation to new situations are a consequence of successful response in the past. There can be no model system, in the sense of a permanent, achieved ideal. This point needs emphasizing to correct the tendency to look for Utopias and to criticize reforms which do not do everything at once.

To find evidence more relevant to the question of whether land reform can be related to development in modern underdeveloped countries, with high rates of population growth, adverse agricultural conditions, and defective structures, it is necessary to look at some recent reform measures which have been followed by an increase in production, and see how this has been achieved. In southern Italy and Egypt, where such results can be found, the policies were linked with general development planning, and carried out in tightly controlled managerial operations in which "integration" meant much more than the provision of services to farmers. Does this mean that no reform can contribute to development unless it is carried out in such a framework and in this manner?

This is a highly controversial question, to which the answer must be left open. In the political and technical conditions of Italy and Egypt crude redistribution alone could not have increased production, in Italy because marginal land had to be reclaimed before settlement, in Egypt because investment on the former large estates had to be maintained. Tight managerial operations of this sort are really impossible in countries with a backward agriculture and no effective administration. They may not be essential to getting an increase in production if some determining factors are fairly favorable. For example, crude redistribution succeeded in Iran because

the removal of the rent burden was beneficial, since it represented the removal of a tax on production used for unproductive expenditure. There may be other cases of the same kind. Although it seems clear that in Latin American countries controlled managerial operations are impossible, it would be a great mistake to argue that government should defer action until a complete system of official tutelage can be laid on.

Probably the right way to approach this question is to think in terms of the minimum action necessary to secure increased agricultural production, rather than to envisage total planning and total control. In Latin American countries this primarily means some physical planning of the type and scale of farming, in relation to markets and practicable land use. There is a wide range of choice. In Iran and Iraq, physical planning primarily means securing water supply to the new holdings. Unless a firm physical basis is laid in this way, the mere provision of credit and advisory services will not help: the advisers cannot know what to advise, the credit agencies cannot judge the prospects. For densely populated countries, there is not much range of choice in scale; the primary need is to raise yields, and this, in India, involves a change in costs and prices, and stronger organization, but not necessarily a change in scale of farming. Obviously integration of land tenure with development does not mean the same thing in all situations; and it need not mean tight official control. On the contrary, there is an obvious need for economizing official services, by the use of market incentives.

The weight of the evidence is in favor of granting ownership to individual landholders or rights to individual land use within a group holding ownership. To claim that the grant of individual title is basic does not necessarily mean that it will work well; only that on the whole it is likely to work better than the so-called higher forms. There is a case for cooperative and collective farming in certain defined conditions, but it cannot be universalized. Ownership provides what people generally want, security, and what agriculture needs, the incentive mainspring. Clearly it will not transform subsistence peasants or farm workers into efficient modern farmers, but it is generally the necessary foundation for any real change of the structure.

On the question of the form of farm organization to be set up, the lesson which emerges is that the alternatives do not lie between pure individualism and pure collectivism, or between efficient large- and inefficient small-scale. If a country has a peasant population, already attached to the land, willing to work hard on small farms, it is wrong to crush this incentive, right to use it to increase production by finding how to inject new methods and resources. But if a country has abundant land, it would be wrong to try to make small



farms: there is scope for enterprise and experiment, and it is better to use the results of existing settlement schemes to ascertain what is likely to work best, rather than to shop around for imported models. Whether the area of the individual family farm is small or large, multiple-scale organization will be needed, with different scales for different functions. Whether in the cooperative form or not, there can be one best scale for organizing irrigation water, another for marketing, another for credit, etc.

Finally, it must be clear that none of the reforms discussed have produced anything that can be called a perfect structure. An oppressive and inefficient system is accepted as inevitable as long as it lasts, but as soon as an alternative appears it becomes a target for criticism from the dispossessed and from those who have not benefited. Even those who have benefited will have grievances, because expectations have been raised; and international experts will pick holes in it. Ideal land systems tend to be found long ago or far away; they are, in fact, out of this world.

In this world, there are these down to earth situations, where mistakes are certain and not to be feared. Ideals are needed, to give courage and decision; but there is too much urban ideology about, and it is responsible for many stupidities. If there is one lesson of universal validity that emerges from all this experience, it is the need for putting more practical intelligence to work. If there is one good state land settlement in Brazil among many bad, that is because one man, an engineer, devoted himself to it; if there are good Japanese farmers in Brazil, that is because farming efficiency has been bred into them and their organization. If there are well-managed state and cooperative sugar factories in Maharashtra, that is because faith in cooperation could be translated into action by Professor Gadgil and others; and if there is a good joint farming cooperative, a saint-politician will be found behind it. If the Iranian reform in its first stage got carried out quickly and effectively, that was because a powerful and original mind conceived a bold strategy. If in Venezuela there is one really well-to-do intensively cultivated settlement, that is because it found a labor leader with drive to organize it. There are too few of these people of integrity of intention and practical intelligence. But agrarian reform gives them the chance of a breakthrough. Somehow the agricultural brain drain must be reversed, if these countries and others like them are to find better ways of dealing with farm poverty and poor farming.

[ Excerpted from Land Reform in Principle and Practice. Oxford: The Clarendon Press, 1969, pp. 371-386 and 402-436. ]



## A Brief Survey of the Chilean Agrarian Reform Program

Joseph R. Thome

[ Landownership in Chile has been highly concentrated, and agriculture relatively stagnant. A land reform program started in 1965 is redistributing ownership under the asentamiento system, combining interim cooperative cultivation of large estates under government management with eventual subdivision into individual or joint landownership, or a combination of the two, as the farmers decide. ]

One of the most important campaign promises of President Frei prior to his election in 1965 was that he would inaugurate a vigorous and far-reaching agrarian reform program under which land would be redistributed to 100,000 campesino families. According to Frei, this program was necessary to change a rural structure that was seriously affecting the economic development and social stability of Chile. This structure was characterized by the concentration of land in a few hands, an inadequate and insufficient use of land resources, the monopolization of credit and other services by the few, and a paternalistic labor system which tended to abuse the peasant and prevented the development of a vigorous rural middle class. Out of a total of 345,000 rural families involved in agricultural work, 185,000 owned no land whatsoever. The remaining 160,000 families owned—many without a secure title—150,959 farm units of which 117,047 (77.5 percent) represented only 4.9 percent of the agricultural land in Chile. At the other extreme, 3,250 units, or 2.2 percent of the total, each over 1,000 hectares, represented 68.8 percent of the total agricultural land.

Over the years, this structure has resulted in stagnation of agricultural production, which in recent

Dr. Thome is Associate Professor of Law,  
University of Wisconsin, Madison.

years has been lagging behind population growth (1.8 percent vs. 2.2 percent during 1945 to 1959); and in an increasing rate of agricultural imports which is seriously straining Chile's limited foreign exchange holdings. In 1942 the values of agricultural exports and imports were balanced, but by 1963 Chile was importing 160 million dollars worth (25 percent of all imports), and only exporting 33.6 million (6.2 percent of all exports). In addition, the rural population suffered from illiteracy (50 percent), low income (U.S. \$140/year per capita), and poor health, and was becoming increasingly restive over this situation.

Aside from measures improving the status of rural labor, rural education, credit and technical assistance, the heart of Frei's agrarian program was to be expropriation and redistribution of large and/or poorly exploited farm-estates. This phase was initiated soon after his inauguration, based on prior land reform legislation (Law 15.020 of 1962). The existence of this law and of its implementing agency—CORA—was fortuitous, as the enactment of broader and more powerful legislation—Law 16.640—was delayed until July of 1967. The Frei administration managed to implement Law 15.020 fairly effectively.

Basically, implementation relies on the asentamiento system, a contract arrangement under which eligible campesinos are "settled" on the expropriated properties for a three-year transitional period. During this time, ownership of the land is retained by CORA, and all or most of it is operated on a cooperative basis, following national agricultural development plans. Day to day management of the asentamiento is conducted by an administrative committee elected by the campesino members (asentados) from among themselves. Supervision of and assistance to the committee is provided by CORA technicians. This role tends to diminish as the campesinos develop more experience. Most of the economic and social inputs—credits, seeds, fertilizers, machinery and extension services—are provided by CORA, while the campesinos provide the labor. At the end of the year, a balance is made, and after the costs, credits, and other shares pertaining to CORA are deducted, the balance is distributed among the asentados.

The main objectives of the asentamiento are to train the campesinos to manage their own farms, to maintain full production during the first crucial years after expropriation, and to encourage the asentados to retain a cooperative type of operation once the land is distributed to them. The asentamiento period also serves as a means of testing the capacity of the asentados. They are graded each year, and once the three-year period has elapsed, only those who meet the required minimum point score will be eligible to receive land titles to the property.

Upon the expiration of the asentamiento period, the land is conveyed to the asentados. The type of title distributed depends upon the decision of the eligible asentados as to the future status of the land assigned to them. If they decide that all of the land is to be operated on a cooperative basis, then the title is assigned to such a cooperative, with all the prior asentados as its members. Alternatively, they may decide to divide the entire property into individual parcels, in which case each will receive a title; or to adopt a mixed system under which the cooperative will receive title over part of the land, while the rest will be divided as individual parcels, each with its title. The last system appears to be the most common to date. In any case, the beneficiary must pay for his share of the land over a 30-year period, during which he is subject to many conditions and obligations, including restraints on alienation and inheritance restrictions.

As of May 31, 1968, 645 farms had been expropriated with a total area of 1,248,647 hectares on which 10,284 farm families were living. The formation of asentamientos followed closely upon expropriation.

Table 1: Asentamientos Formed up to May 31, 1968

	No. of Asenta- mientos	Area in Hectares			No. of Families Settled
		Irrigated	Dry	Total	
1965	33	16,491.1	270,592.2	287,083.3	2,061
1966	53	15,028.1	123,386.3	138,414.4	1,804
1967	160	51,074.7	314,601.8	365,670.5	4,605
1968	20	4,809.8	240,184.4	244,994.2	451
TOTAL	266	87,403.7	948,764.7	1,036,168.4	8,921

On November 4, 1968, the first title distributions under the Frei land reform program were effected; 225 campesinos from four asentamientos received a total of 56,224 hectares under both cooperative and individual titles. During the next few months title distributions were programed for 13 more asentamientos. These distributions will benefit 900 campesino families which have completed the three-year asentamiento period, who will receive 6,352.21 irrigated hectares, and 158,262.74 of dry cultivable land, for a total of 164,614.95 hectares. In addition, title distributions are being planned for other asentamientos whose three-year periods will expire.

[ Excerpted from the Land Tenure Center  
Newsletter, No. 28 (September 1968-  
February 1969). Madison: The University  
of Wisconsin, pp. 1-5.]

NOTE: Previous Chilean experiences are discussed in the  
Development Digest of October, 1966, pp. 117-126.

## Brazil's Agrarian Reform

Armin K. Ludwig and Harry W. Taylor

[ The 1964 Brazilian land reform law has produced a new method of surveying and classifying landholdings that relates a wide range of complex data to reform objectives. Although virtually no expropriations have yet occurred, and tax incentives are weak, the directions and potential machinery for effecting the desired changes have been established. ]

The framers of the Land Statute of 1964 held that property ought to remain in private hands, but that the government has the duty to intervene in the public interest to try to force internal changes on all properties in the direction of Statute norms. The Statute specifies that this can best be done by increasing the weight of a property's taxes in direct proportion to its distance below the norms, and, for properties beyond specified distances below these norms, by abridging the owner's right to free disposal or by outright expropriation and the granting of decision-making control to another person.

Much had to be known about any landholding in order for it to be fitted into the complicated system of classification directed by the Land Statute. The land reform agency, the Instituto Brasileiro de Reforma Agrária (IBRA), conducted Brazil's first comprehensive land inventory in late 1965 and early 1966. Each property owner was required to purchase and fill out a four-page questionnaire about his property. Where called for, he also had to fill out

Dr. Ludwig is Associate Professor of Geography at Colgate University, Hamilton, New York. Dr. Taylor is Associate Professor of Geography at the University of Western Ontario, London, Ontario, Canada.

annexes regarding sharecroppers and tenants and to supply information on additional property holdings in Brazil. Response was good, considering the difficulty of communication and travel in the vast interior of Brazil. It was no doubt improved by the fact that an owner had to make the declaration to obtain a Cadastral Certificate, without which he would be unable to obtain financing or credit, get a guarantee of minimum prices in sales of his produce, request any form of technical assistance, or dismember, rent, sell, mortgage, or otherwise transfer his property. By May, 1967, more than 3.4 million questionnaires had been returned, a figure that approximates IBRA's estimate of the total number of rural properties in Brazil.

The accuracy of the inventory can easily be called into question. Many errors doubtless resulted from the small farmer's ignorance of the details of his own land, others from misinterpretation or inattention to details on the questionnaire, and some inaccuracies may, of course, have been deliberate falsifications. Since the Land Statute requires an inventory every five years, IBRA may well find a way to check the accuracy of a large percentage of the responses. But this inventory as it stands is the reality with which IBRA had to work. Punched on cards and programmed through a computer, these were the data that determined a property's place in the classification system and its tax rate.

The Land Statute divides rural properties into four basic types: 1) empresas rurais; 2) latifundios by use; 3) minifundios; and 4) latifundios by size. Minifundios are too small, and latifundios by size too large, to effectively contribute to the accomplishment of Brazilian economic and social goals. Empresas rurais (rural enterprises) and latifundios by use fall within an acceptable size range; they are distinguished from each other on the basis of performance criteria.

#### Classification by Size

Central to the system of classification is the concept of the modulo. A modulo is defined as that quantity of land which is capable of absorbing all the labor of four working adults and of supporting them at a standard of living which is consistent with the overall goals of economic progress and social justice. This concept recognizes that two parcels of land equal in size may have different productive capacities due to differences in physical qualities and location near or far from market. A modulo, then, is a unit of measure that varies from place to place but that always has the same meaning in economic terms. Thus the size of a specific property can be stated in terms of modulos once its productive capacity is known.

This concept immediately raises a huge problem of evaluating the productive capacity of each property in the country. Here the Statute makes two compromises. First, the physical quality of the land is to be inferred from the use of the land is being put to by its current owner. Secondly, the Statute charges IBRA with establishing standard modulo sizes for differing land use types by regions of market potential. For the purpose of establishing regional types, the 214 physiographic zones in the country set up by the Conselho Nacional de Geografia were grouped by IBRA into nine classes, based on their population potential and proximity to an urban nucleus. In addition to these classifications, the Statute establishes six major land-use types: 1) market gardening; 2) perennial-crop farming; 3) annual crop cultivation; 4) intensive grazing; 5) extensive grazing; and 6) forest exploitation.

IBRA's method for determining a value in hectares, the "standard modulo size," for each kind of zone and land use is quite complex. Simply stated, it involves three steps: 1) determination of the level of income that is adequate support for four working adults; 2) estimation of the amount of income that can be generated per hectare under the various land uses in the different zones; 3) division of the necessary income by the estimated income-generating capacity per hectare for a given land use and zone. Since there are nine kinds of zones and six land-use types, 54 standard modulo sizes were calculated.

#### Classification by Land Use

The result of the size classification is a grouping of properties into three categories. Properties of less than one modulo are declared minifundios; and properties of 601 modulos or more are declared latifundios by size. The remaining properties must be subjected to further tests before they may be finally classified as either latifundios by use or empresas rurais. The five criteria in this differentiation are measures of performance, four related to economic goals and one to social goals. There is no order of priority in applying these criteria, since a property in the proper size range is classified latifundio by use if it does not meet any one of the standards. A property that meets all standards is classified as empresa rural.

1. The Utilization Factor (UF) is a measure of the degree to which usable land is actually used. On the IBRA questionnaire, each rural property holder classifies his land according to how much of it is usable and how much is not. He also indicates how much he actually uses. If the land he uses is less than 50 percent of the total usable land, his property is declared a latifundio by use.



2. The Agricultural Yields Factor (AYF) is derived by comparing a property's actual yields per hectare in basic uses against standard yields set by IBRA for these uses. For each basic use, IBRA's standard minimum yield is subtracted from the actual yield, and the remainder divided by the difference between IBRA's standard minimum and standard good yields. The resulting quotient is assigned a yield score which is multiplied by the number of hectares devoted to that use. The total property gets a score for AYF which ranges from 0.5 to 1.5.

The AYF reflects the degree to which physical yields on a property meet IBRA standards. If the actual yield in one use is below the IBRA standard minimum yield, another use can compensate. Any potential *empresa rural* with an overall AYF below 0.7 is classified as a *latifundio* by use.

3. The Economic Yields Factor (EYF) is a measure of the degree to which the actual annual gross income of a property approaches or exceeds its potential annual gross income as established by IBRA. Potential gross income is the number of *modulos* on a property multiplied by 4 (the number of working adults per *modulo*) and by twelve times the federally set monthly minimum regional salary. The actual gross income of the property as reported by the owner on his questionnaire is then divided by the potential. The result is a measure of the degree to which the economic potential is realized.

IBRA sets practical EYF limits of 0.3 and 2.5. Thus a property gets no credit for an EYF if its actual income is less than 30 percent of its potential, and a holding gets no additional EYF credit for an actual income that exceeds 250 percent of its potential.

4. Even if a given property achieves acceptable levels in its UF, AYF, and EYF, it may still have a Coefficient of Economic Yields (CEY) that prevents its classification as an *empresa rural*. The CEY is based partially upon the AYF, the UF, and the EYF, but also depends upon two other factors, the Investment Factor (IF), and the Bookkeeping Factor (BF).

The Investment Factor is a statement of the degree to which a property is capitalized, and is a partial measure of capital improvements on a property in proportion to its total value (value of unimproved land + value of improvements). In the IBRA system, capital improvements include buildings, implements and equipment, perennial-crop plantings, animals, and woodlots (whether natural or planted). Depending upon the magnitude of the investment quotient, the property is assigned an Investment Factor, ranging from zero to four in units of one. IBRA gives no credit to improvements

valued at more than 80 percent of the total value of the property, but improvements must be at least 20 percent of the value of a property's land and improvements if it is to escape an IF of zero.

The Bookkeeping Factor is much simpler in its derivation. If a property holder states that he keeps records of expenditures and receipts, he is awarded two points; if not, his BF is zero.

To derive the CEY, the EYF, the IF, and the BF are added together, and this total multiplied by the product of the AYF and UF. The resultant score is then subtracted from 15 and the difference divided by 10 to yield the CEY, which ranges from 0.4 to 1.5. The lower the score, the higher the degree to which the property has achieved IBRA's composite values. A CEY of 1.3 or greater disqualifies a property from empresa rural status.

IBRA clearly allows crop productivity (AYF) and the use of potentially productive land (UF) to exert the strongest influence on the CEY. Zero or low values in these two components account for most of the 1.4 million Brazilian rural holdings with CEY's of 1.5 (Table 1). Overall, 78 percent of the nation's properties could not meet the IBRA standards with respect to their Coefficients of Economic Yields.

Table 1: Number of Brazilian Rural Holdings  
at Each CEY Level

CEY	Number of Properties	Percent of Total
0.4	15,360	.40
0.5	10,075	.30
0.6	21,536	.60
0.7	21,023	.60
0.8	39,618	1.10
0.9	66,782	1.90
1.0	73,891	2.10
1.1	207,851	6.10
1.2	282,000	8.40 disqualifier
1.3	478,308	14.20 limit
1.4	708,091	21.10
1.5	1,439,523	43.20
Total	3,364,063	100.00

The few remaining potential empresas rurais, having emerged from the modulo and CEY gauntlets, still have to pass a test of their social conditions before IBRA grants them final empresa rural status.

5. The Coefficient of Social Conditions (CSC) has three components: the Administrative Factor (AF), the Habitation and Sanitation Factor (HSF), and the Education Factor (EF). The AF is designed to measure land-tenure conditions and levels of economic justice in the relationships between the landholder and his tenants and/or sharecroppers. A high AF value is placed on owner-operated farms. Nevertheless, IBRA recognizes that tenancy and sharecropping will be integral parts of the rural scene for many years to come, and takes steps to insure the desired conditions for tenants and sharecroppers by giving high AF values for written contracts, long-term leases, etc. The HSF and the EF are measures of the degree to which a property owner fulfills his traditional role as provider of basic housing and educational needs for the people who live and work on his land.

All of these subfactors are given an elaborate scoring. For example: the owners of properties on which live more than five families or more than 25 persons or at least one child between seven and fourteen years of age are scored on their responses to the following questions:

1. Is there at least one bedroom for every five persons on the property? Yes = 1, No = 0.
2. Is the number of clay walls + the number of dirt floors equal to or less than one half the total number of dwellings on the property? Yes = 1, No = 0.
3. Are at least half the dwellings situated within 100 meters of a well, faucet, or spring? Yes = 1, No = 0.
4. Is there at least one latrine for each thirty persons on the property? Yes = 1, No = 0.
5. How many children between the ages of seven and fourteen attend school? Half or more = 2, Fewer than half = 1, None = 0.
6. Does the owner supply two or more of the following school-related needs? Yes = 1, No = 0.
  - a. school building
  - b. teacher
  - c. transportation to classes
  - d. clothes or shoes to pupils
  - e. books and materials

Once the AF (0-6), the HSF (0-4), and the EF (0-3) are established, they are added and this total divided by 10. This quotient is then subtracted from 1.6, and the result is the Coefficient of Social Conditions (CSC), ranging from 0.3 to 1.6. This Coefficient stands in inverse relationship to the degree to which the property holder has achieved IBRA standards; the lower the CSC the better. A Coefficient greater than 1.0 is sufficient to disqualify a holding from *empresa rural* status.

A reader who has waded through the derivation of the CSC is less in a frame of mind to consider a detailed critique of its internal logic than to level a broadside at the Coefficient's inordinately complex and unwieldy structure. This complexity, besides compounding inaccuracies and falsehoods, obscures the relation between an owner's faults and the IBRA requirements. At the end of an exhausting calculation, an owner may find his property above 1.0 and have no idea why. It is apparent that IBRA assigns priorities to tenure, living, and educational conditions in that order, but their actual effect on the CSC is not readily identifiable.

The Coefficient serves, in effect, primarily to organize information gathered from the Land Inventory questionnaire. The information available provides a limited picture of rural labor and land tenure conditions, but one that is credible and fairly accurate. The 6.3 million rural laborers, sharecroppers, and tenants who have entered into some kind of contract with landowners are virtually all male and most are heads of families. That each supports himself and four other persons on the average is hardly a radical estimate. Given these assumptions, the 6.3 million workers would support a total of 31.5 million rural people, or just under half the 75 million Brazilian population estimated for 1966.

#### Penalizing the Unacceptable

The Statute gives IBRA power to expropriate all or part of a property declared a latifundio by size, a latifundio by use, or a minifundio. The threat of expropriation is intended to force owners to make decisions about the internal organization and use of their properties that will bring them into the empresa rural class. The only holdings exempt from expropriation are those outside priority zones whose owners are already implementing IBRA-approved plans directed toward a change in status in a specified time. In the case of full expropriation, one decision-maker is replaced by another, presumably one better able to bring the property to acceptable status. Or, if the property is subdivided, one decision-maker is replaced by several. In the case of partial expropriation, the present owner's property is simply reduced in size by making room for a second decision-maker on a newly created acceptable-size land unit.

In fixing a just price for the property, IBRA must take into account both the unimproved value of the land, declared by the owner for the Rural Land Tax, and the value of improvements, and then apply any monetary correction called for by specific legislation in effect at the time. It also must take into account the owner's possible overestimate or falsification of these values. To take possession of goods (other than unimproved land), IBRA is obligated to put

up no more than the value the owner declares in his last declaration of rural income, or the present market value of the goods if the owner is a corporate person. Upon transfer of the goods, the owner is guaranteed 80 percent of the amount put up by IBRA (when he gets the other 20 percent is not specified). Every decision fixing the price of a property above that determined by IBRA must be reviewed by the Federal Appeals Court. Property expropriated for specific cause is not subject to repossession once in the public domain.

At the other end of the expropriation process lies the redistribution of properties. Not all are destined to become single-family farms; the Statute makes expropriated lands available to newly formed cooperatives dedicated to farming, grazing, or agro-industrial activities. Lands are also to be made available to federal, state, and local governments for reforestation and for agricultural research and experiment stations. Lands are to be sold to prospective owners depending upon the age (21), sanity, and good background (or rehabilitation) of these owners, in an order of preference which favors working farmers including tenants, wage workers, sharecroppers, squatters, and owners of less than one modulo of land.

It takes money to plan and execute changes and to expropriate. The Statute provides for this need by setting up the National Agrarian Reform Fund. Among the sources of this fund are fees paid to IBRA for such things as the Land Inventory questionnaire and money from a special federal improvement tax. But above all, IBRA is guaranteed 3 percent of federal tax receipts. Three percent of the federal budget for 1967 amounts to 200 billion cruzeiros (\$62 million).

According to IBRA, the 3.4 million properties in Brazil whose questionnaires have been processed have a total value of 25 trillion 156 billion cruzeiros. Although fewer than 10 percent of these properties are *empresas rurais*, not subject to expropriation, they probably make up 20 percent of the total value of Brazilian rural property. This leaves 20 trillion cruzeiros of expropriatable property, a figure three times the entire proposed federal budget for 1967. At this rate (if no other factors changed), it would take 100 years to redistribute Brazil's expropriable lands. Although this may certainly be considered a "very deliberate speed," it could be accelerated as federal receipts increase, as payments for redistributed land flow back into the IBRA coffers, and as IBRA concentrates on limited segments of priority zones. And the prospect for rural change would not be so gloomy if the threat of expropriation and abridgment serves to force changes on properties without the replacement of owners.



## Differential Land Taxation

The threat of expropriation or restrictions on property transfer creates some incentive for landholders with unfavorable classifications to change the internal organization of their properties. Nevertheless, the criteria used in classification leave wide margins between what is acceptable and what is ideal. Further, expropriation and other direct abridgments of property rights are expensive and fraught with political dangers, and because of limited resources, direct action of this type may be long delayed in parts of the country. Differential land taxation is designed to bring about change that is voluntary, less expensive, and more immediate than expropriation, and at the same time provide an incentive for improvements even on *empresas rurais*.

The land tax is made up of a constant (.002) and five variables—the unimproved land value and four coefficients. Two of the coefficients, for Economic Yields and for Social Conditions, have already been discussed. To these are added the Coefficient of Location and the Coefficient of Dimension. The former is intended to quantify the degree of access to markets; the latter is based on the number of *modulos* per owner.

In a sense, the tax system is analogous to a game. The property holders are the players, IBRA is the referee, the rewards are reduced taxes, and the means of achieving those rewards are improvements in the economic and social conditions on the properties. One can refuse to play the game when it proves too strenuous, or one's talents seem inappropriate, by transferring one's property to another player.

In order for a tax system to be effective in forcing or guiding decisions within a general context of free enterprise, it must meet several conditions. First, the system must be comprehensible to the decision-makers. Secondly, the tax reductions must be sufficiently great to justify the cost of achieving them. Finally, the system should not contain contradictory or inconsistent elements. The Brazilian land tax system has definite weaknesses with respect to the first two conditions, and its adequacy in meeting the last condition can be questioned.

The system of land taxation is extremely complex. Even highly literate Brazilians will encounter difficulty in wading through the derivation of each of the coefficients, and tracing the impact of changes in the component parts of the coefficients is even more difficult. Given the high rate of illiteracy widely reported in rural Brazil (in most cases exceeding 50 percent), it seems likely that the bulk of the decision-makers will neither understand the rules



of the game nor be able to play it in such a way as to aid in achieving the stated national goals.

In addition, the rewards for improvements are insufficient to bring about change. A holder can affect his CD and his CL only through decisions to acquire or dispose of land; but such decisions do not change economic or social conditions on a property in any direct way. The two strategic coefficients in effecting change are the CEY and the CSC, and superficially these coefficients promise to force change: changes from the maximum to the minimum values of both coefficients at the same time results in a tax reduction of 95 percent. Nevertheless, when applied to actual properties, the tax benefits resulting from such changes seem woefully inadequate to act as incentives to property holders.

Tax data for 214 properties in the município of Bragança Paulista were analyzed to verify this contention. For each property a new tax was computed by replacing its actual CSC with a new value of 0.3. This new, hypothetical tax was then subtracted from the old to yield the tax saving that could be made by reducing the CSC to its lowest possible value. The costs of making the appropriate changes in conditions affecting tenants or laborers were then estimated in two different ways. The potential tax benefits were then compared to the estimated costs of achieving the benefits. In none of the 214 cases did the benefit exceed the cost.

It was not possible to submit the CEY to the same kind of test. It can be shown that potential tax savings through CEY reduction in the Bragança sample are small; but implied in the reduction of the CEY are additional benefits accruing directly from improved crop yields and more efficient management. In any case, further examination of the tax system and its application to Brazil provides overwhelming evidence that the taxes are just too low to be very effective, either in guiding decisions or even in generating revenues. The highest possible rural tax rate in Brazil, stemming from the highest possible coefficient product is 3.45 percent of unimproved land value, and the lowest rate is 0.02 percent. Average tax rates in several large areas examined are equivalent to well under U. S. \$0.50 per hectare.

### Compromise and Reform

Brazil's attempt at agrarian reform is best understood as a compromise. Although it sets out to mount an integrated assault on all facets of the nation's rural ills, IBRA's reform is seriously constrained by limited resources of capital, by the huge area over which these resources must be spread, and by the sociopolitical realities of the country. The complex classification and taxation systems

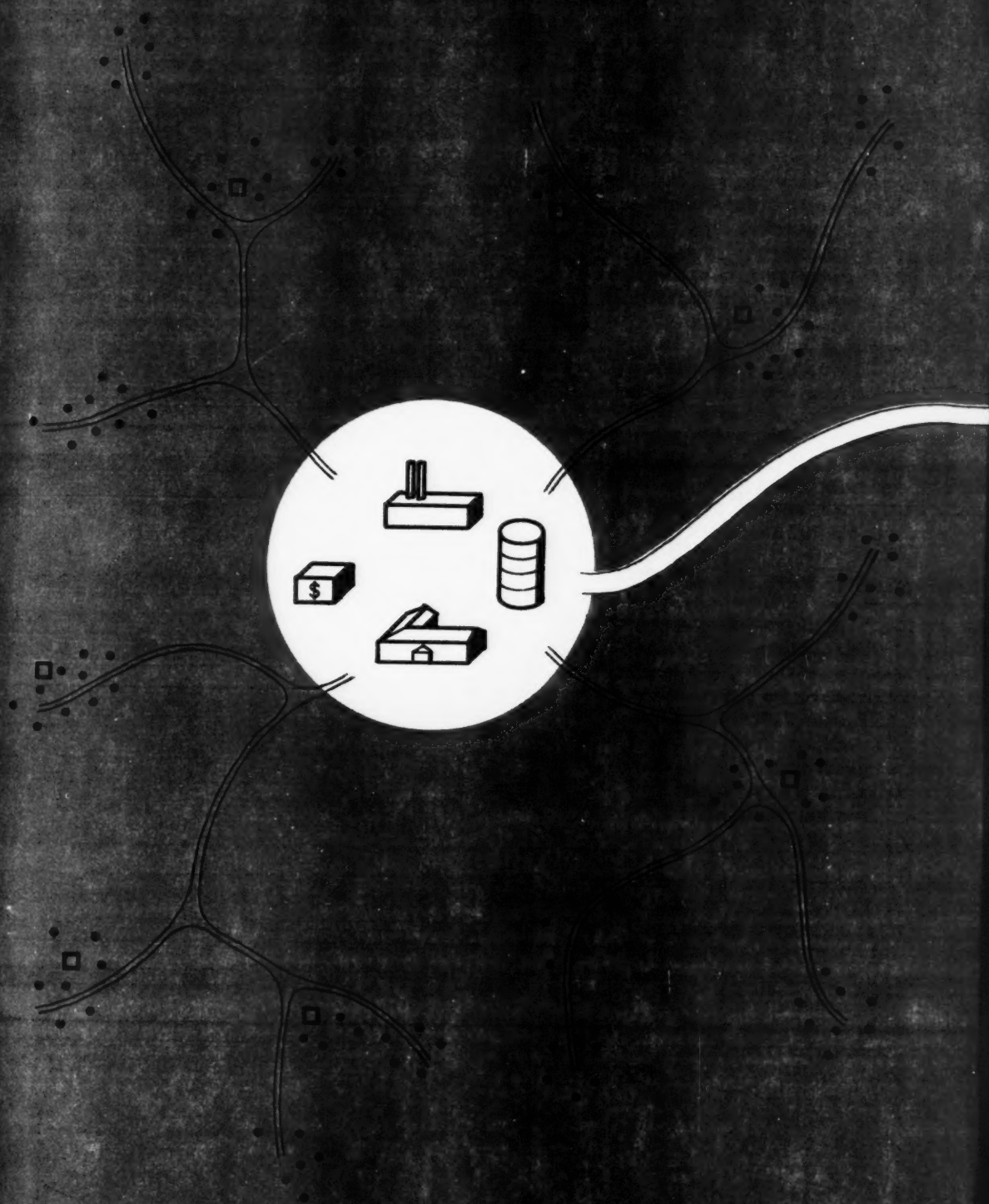
designed in principle to effect progress in all aspects of rural life are conditioned by these constraints. Whether the systems succeed or fail in realizing their goals will depend upon the degree to which the advantages gained through compromise can be strengthened and the weaknesses overcome.

The Statute recognizes that large holdings, both private and corporate, provide essential foreign exchange to the economy, so it makes no attempt to force all properties into the family-farm mold. And while the Statute places a heavy value upon the development of an agrarian middle class, it recognizes that tenancy, sharecropping, and the wide use of wage labor will persist for a long time to come. As a consequence, the classification and tax systems are designed to provide a mechanism to reduce the incidence of these practices in the long run. In addition, the Statute makes an attempt to avoid levying taxes that are so high as to drive excessively large numbers of poor farmers from the land.

Each of these compromises thus serves a useful purpose. Nevertheless, efforts can be made to mitigate the disadvantages incurred in making them. Knowledge about rural holdings can be improved. The proliferation of family farms can be accelerated by finding a way to speed the subdivision of the non-essential large farms in the higher modulo ranges that do not exceed the upper limit of 600 modulos. There is little doubt that many such large holdings are not effective foreign-exchange earners, yet are protected by the umbrella designed to shield those that are. And land taxes can be raised. It seems inconceivable that the current level of land taxes even remotely approaches the critical limit. The tax constant in the formula, .002, could be increased to five times its present value (to .01) without accelerating the rural exodus already under way.

[ Excerpted from Brazil's New Agrarian Reform: An Evaluation of its Property Classification and Tax Systems. New York: Frederick A. Praeger, Publishers, 1969, pp. 7-79 and 138-140. © 1969 by Frederick A. Praeger, Publishers. Reprinted with Permission. ]

# GROWTH POINT



A PLANNER'S MAP, SHOWING RURAL SUBCENTERS WITH  
ROADS CONNECTING THEM WITH THE LOCAL GROWTH  
CENTER, WHICH IN TURN IS CONNECTED—BY THE ROAD  
IN WHITE—TO LARGER URBAN CENTERS.

## Growth Centers and Viable Rural-Urban Communities

[A new approach to rural development planning is needed in India. It must be aimed at keeping people in the rural areas and bringing them a range of services, job opportunities, agricultural and other inputs through selected local "growth centers."]

One.....Dr. Douglas Ensminger is the Ford Foundation Representative in India.

### Rural Planning Approach

The leaders of developing countries have persistently sought an answer to the question: "How are the disadvantaged groups in rural areas to be brought into the mainstream of national development?" National leaders must recognize that for years to come most people born in villages will have to live and work near the places of their birth. Positive programs which reach these groups must be provided.

To guide rural change in orderly fashion requires a new type of planning; call it "integrated area planning." Essential to this new kind of rural planning is the idea of "growth centers." This calls for approaching the development of a whole cluster of villages through a growth center which provides the new services demanded by rural modernization. Such centers will be linked to the villages they serve by trade, industry, finance, education, etc. These linkages will create the foundations of what might be called "viable rural-urban communities." In these communities, which are rural based but linked to the modern services and amenities of urban focal points, there will be new job opportunities and new avenues of hope for those who might otherwise be left out of the new agricultural prosperity.

Integrated area planning implies planning for a given geographic area with respect to all aspects of development—transportation, communications, education, agriculture, banking, industry, health and family planning, recreation, and any other services needed for modernization and betterment of rural living.

Growth centers are small towns or large villages which have the potential of becoming nuclei for the future economic, social, and political development of the surrounding area. Drawn to these centers will be clusters of 50, 75 and in some cases 100 villages, which, over time, will look to these growth centers as primary focal points for most of their social and economic institutions and services. Within a clustering of villages around a primary growth center will frequently be subsidiary centers where a smaller range of services can be located. The primary growth centers themselves will be served by successive tiers of larger towns and cities. Techniques for identifying the primary growth centers are known and can be applied with appropriate variations in any part of the country. Subsidiary centers can be identified and their functions planned by the same techniques.

The expression, viable rural-urban communities, is designed to stress the idea that as agriculture modernizes and new agro-industries and agro-services emerge there will be increasing interdependence of village and town development. The village is too small a planning unit for building the services and institutions needed for agriculture. Not village development alone, not town development alone, but village-cum-town development linking clusters of villages to town growth centers should form the basis for future planning of the countryside. A growth center and the surrounding cluster of villages might include a population ranging from 50,000 to 100,000. Centrally located institutions and services for the rural-urban community would include shops for agricultural supplies like fertilizers, seeds, and insecticides; shops for sale and repair of the most common farm tools (pumps, chaff cutters, thrashers and eventually tractors); shops for consumer goods and services like cloth, home utensils, radios, and radio repairs; marketing facilities and warehousing for farm products; agro-industries; cinema houses; secondary schools and community or junior colleges; hospitals and health services; and the area headquarters of governmental and cooperative organizations of many kinds. Vital in the development of modern rural-urban communities will be improved transport and communications—especially roads—linking villages to the growth centers. By drawing an imaginary boundary line around such a group of villages one can visualize the area which might be expected to emerge as a viable rural-urban community.



## Action Program

Once the growth center and the cluster of villages logically related to it have been identified, the program should move into the action stage. The first action is to establish as early as possible the most needed economic and social institutions. People will vary in their opinions about which institutions should be on the priority list; a reasonable list could include a branch bank, an electrical supplier, a cooperative marketing association, agro-based and consumer goods industries, a health center, and a cinema house. Simultaneously a road construction program must be started to link the villages to the growth center so that all people in the area can have access to the new services.

The highest importance should be placed on the early establishment of a branch bank in the growth center. This bank should offer interest rates which would attract deposits from the cultivators who are making money. The bank in turn would loan money for the further development of agriculture, especially in intermediate and long-term development loans. By employing and training a new kind of bank manager—a development entrepreneur—existing banks can become a major creative force for rural prosperity; they will serve both the nation's interest and their own by establishing branches in the growth centers. [See also Development Digest for July 1969, pp. 105-109.]

Industry, starting with activities related to agriculture and basic consumer goods, must move into the growth centers along with the banks. Repair services will also be needed. The banks will provide credits needed to establish new businesses. Industry and repair services will in turn create jobs for many people who now have no job prospects and who tend to go to the cities in desperation.

By giving attention to the linking of the villages by a road construction program, four important advances will be made. First, the fertilizer, tools, and other needs of the cultivators can move freely from the growth center to the village. Secondly, the marketable agricultural produce can move easily to the growth center, which will then emerge as the natural storage, marketing and distribution center. Both processes are essential to a modernizing agriculture. Third, the road construction will bring improved opportunities for the employment of landless laborers, holders of uneconomic units, and village artisans. A fourth contribution of roads linking villages to the growth center will be the increased interactions among people that break down isolation and develop a sense of identification with a larger community. At least in the formative stages of the emerging rural-urban community, one would expect those who gain employment in the growth center to

continue to live in their "home" villages and to bicycle to and from the center for work each day on the improved roads.

Education has a key role in the success of these new rural-urban communities. The schools must prepare people to live in the areas where they are born, and stem the unconstructive move of displaced persons to the cities. The basic change necessary will be a new orientation to the development needs in the surrounding area. More attention must be paid to occupational elements; the skills and knowledge on which modern agriculture is based should become a particular concern of the schools. They must also prepare young people to enter the new businesses and public services of the growth centers. Probably a new kind of college will be necessary in the growth center—a "community college" which provides not only an academic program but also opportunities for occupational education so that its graduates can move directly into jobs.

While the program sketched above must have political endorsement, it need not be a tightly held and administered government program. An informal partnership of the public and private sectors, with acceptance of an obligation to plan together, is essential. This partnership should include the banks, industrial firms, the schools, and the developmental agencies of both central and local government. To ensure the success of this program, the people in the new rural-urban communities must be brought into the planning process right at the beginning by organizing adult education programs, rural-urban community development councils, etc.

Two..... Prodipto Roy is Director of Research, Council for Social Development, Indian International Center, New Delhi.

#### Current Relevance to India

India's agrarian village has kept a dominant hold on its population. Even today 80 percent of the people live in villages and almost 70 percent are engaged in agriculture. Between 1881-1961 the urban population increased only from 9.3 percent to 18.3 percent.

The Community Development program, which has been the main focus of rural planning since 1952, provided for the "basic needs" a minimal social and economic infrastructure input using a common universal framework for each Development Block of approximately 100 villages and 100,000 people. It took over a decade to "cover" the entire nation in a phased manner with Development Blocks. Because of continual re-evaluations of the program by the Program Evaluation Organization of the Planning Commission, and by other various high-level committees, the structure and strategy of the

program has continually changed; and the different states have adopted several variations in providing for the basic needs of their villages.

Despite Herculean efforts in trying to coordinate the activities of the different "nation-building" departments by setting up Block administration, by harnessing local leadership through Panchayat Samitis, etc., the professions and the disciplines have maintained their separateness. Nearly all planning of social and economic development has been along sectoral lines. Economists still look at market towns, the industrialists at location of industry, the educationist at the location of schools, the medicos at the Primary and Subsidiary health centers and recently, the Family Planning Centers. One unfortunate outcome of this type of "planning" at the local Block level has been an equal dispersal of some service institutions in different villages with a view to being democratic or paying off political interests, thereby inhibiting the growth of rural-urban centers. Another unfortunate outcome has been a placing of other services along existing roads, leaving the "interior" areas unserved. Thus important markets or economically or socially important parts of a Block remained unserved because an "unnatural" road passed through its boundaries.

### Integrated Rural Planning

The theories of central place have become one of the principal tools for regional analysis and planning. Originating with the economists, this field has been broadened by the contributions of geographers, sociologists, and spatial planners. The techniques of systems analysis and operations research are now making significant additions, and empirical studies have been made in almost every populous part of the world. Application of location and central-place theory in development planning has probably been carried farthest in Eastern Europe, but there have been equally important uses made in Western Europe and in Latin America. It is important to note that the principles which have been developed in this work appear to be applicable to a wide range of different local conditions and different stages of development, though the technology of their application must vary considerably to be effective.

For example, the concept of an optimum size for settlements with a particular set of central or service functions is probably a useful one in any part of the world. However, the specific patterns of distribution of functions and of the sizes of settlements which are suitable for Poland or the Netherlands are probably not applicable to India. The focus proposed here on a community composed of a growth center and a group of dependent villages has the advantage of great flexibility. It avoids the necessity for such radical relocation

policies as have been adopted in parts of Eastern Europe and it provides for changes required by future development. This is of great importance at this stage of India's progress since it is virtually certain that systems, places, and facilities, which are optimal today or for the next decade, will eventually prove uneconomic and require change.

### Strategies and Tactics

The thesis of this paper is that development goals and priorities should now emerge from a combination of the plans of different nation-building departments: the market town service areas should be overlaid by health service areas, educational school areas, cooperative and panchayat areas and so forth, and the most expedient infrastructure should be made to service the largest number of people. The result of this compromising of sectoral plans would be the geographic location and planned development of viable rural communities or growth centers or semi-urban pockets. These rural-urban growth centers which could geographically be within five or ten miles of every village of the nation would provide the occupational diversity, the social services and amenities necessary for a richer and more modern rural life in India. These centers would also absorb much of the urban and occupational migration, both seasonally and permanently.

Community development would then move from an era of "basic" needs provided equally to all Blocks, to differential investment in selected places of growth to service all people for all needs. The planning in community development which has been minimal and exploratory in nature would become comprehensive and selective. The methods of planning for the larger integrated area development, however, are still very new and as yet untried in India. An experiment sufficiently widespread and yet sufficiently intense and accurate needs to be conducted using data from all over the nation. The practical uses of the data, the analyses and the plans need to be implemented to demonstrate how good or bad the methods are. Both successes and failures need to be studied and analyzed so that errors can be corrected early, and powerful or useful indicators garnered and rigorously improved. In this manner a parsimonious selection of the most useful planning indicators can be made, and rapid survey techniques used to gather and feed back these variables year by year into the planning machinery.

[ Condensed from two papers presented to the 11th World Conference of the Society for International Development, New Delhi, 14-17 November 1969. Roundtable A, Session 2. ]

## Operational Problems in African Rural Development Planning

Nikos Georgulas

[ A case is made here for focusing greater attention on development planning for rural areas, for using local area units rather than sectors, and for treating villages as the focal points for change. National planning in Africa would be more effective if local and regional teams were mobilized to obtain much needed information and also to follow up plan implementation. ]

Most of the newly independent states in sub-Saharan Africa now have a national development plan indicating paths which supposedly can lead to rapid and orderly social and economic improvement. In many cases these plans have been formulated by agencies with impressive professional rosters of mostly expatriate staff. However, experience shows that disappointingly little progress has been made in accelerating the pace of development. Recognition of the limitations of national planning has led to an exploration of those levels of planning which may be more meaningful as instruments influencing development.

Some scholars see regional planning as a more appropriate approach for directed development. Thus, John Friedmann recognizes a gap separating national planning from where development actually occurs, and urges urban and regional planning as a convenient bridge. One of the most common techniques of regional planning is the identification of areal units of economic and social activities. This enables a determination of the development potential of different

Mr. Georgulas is with Robert R.  
Nathan Associates, Washington, D. C.



areas and, in turn, a construction of hierarchies of development regions: i.e., core regions, highly promising regions, marginal regions, etc.

In most developing nations there is an overwhelming reliance for potential economic production on peasant agriculture. A sometimes forgotten fact is that the productivity of the peasant sector is directly related to its settlement pattern. It is the villages as centers of modernization that frequently influence the characteristics of production and a region's development potential in terms of local and export products; and just as urban areas are appropriate analytical units in regional planning, so are the villages in the rural areas. Thus development planning for the rural areas should direct its efforts to analyzing and concentrating development efforts on the rural settlements rather than the agricultural sector.

The settlement patterns of much of sub-Saharan Africa are characterized by a great number of scattered homesteads interspersed with gathered village communities. It is these villages that are the pulse of the rural areas—the primary units of economic production. Their vitality or lack of it reflects the prevailing conditions of their areas of influence. They are the barter centers, the social and administrative (or chiefdom) centers, the sources of contact with the outside world. In brief, they are the centers of change. Development planning for the rural areas, therefore, may advantageously use these rural settlements as the economic unit of consequence.

The conventional techniques and methods of development planning are rarely understood by the rural people. Conventional planning tends to treat the peasants as statistical artifacts—numbers to be manipulated and computerized for the sake of "internal consistency." What it ignores is that national development depends on incremental contributions of local effort, and that it is the aggregation of the outputs of local units of production rather than sectoral aggregates that is the more rational basis for assessing the development potential of a region.

#### New Methods Needed

Because of the lack of information on rural settlements, the approach suggested here requires considerable field work at the village level. Economic base studies of individual settlements will inevitably require information obtainable only from the peasants themselves. This, in turn, requires participation by them in the planning process. It also requires that planners reduce the planning approach to operations which can be meaningfully interpreted and understood by the rural communities. This is surely a task which is long overdue.



However, there are some practical difficulties. Perhaps the most serious is the inevitable requirement of greater manpower in the suggested approach. To assign highly trained planning teams to the rural areas would be unrealistic. What are needed instead are teams led and coordinated by a minimum number of professional and sub-professional persons, and composed predominantly of indigenous people, literate and illiterate. Each team would be an information reservoir utilizing both local knowledge and local perception of problems. Moreover, its function would extend beyond the systematization of information required for planning. To be an effective tool for development, it must also involve itself in the implementation of its plans. At levels higher than the village, the coordination of different "local" regional plans into the national framework could then be performed by a small number of skilled persons not necessarily familiar with local details.

The establishment of effective teams will not be any means be easy. Training, "politicking" and, above all, patience will be required. But the anticipated payoff is extremely promising. The method may be viewed as a means to "educate" the rural masses to the process of development. Conversely and just as important, it will be a means of involving the planners with the nuts and bolts of development.

The implementation of this suggested planning approach involves two important considerations. The first concerns the position of the proposed regional development teams within the existing political and administrative environment. One of the characteristics of post-independence Africa has been the proliferation of formal and informal agencies for promoting development. Some have been established within the formal organization of government—for example, as divisions of ministries. Others have been established as instruments of the dominant political party—for example, party youth leagues. Still others have sprung up at the initiative of local leaders—for example, self-help groups. This has resulted in competition among them for political support, mass popularity, resources, etc. Thus youth organizations of the dominant political party, local branches of labor unions, self-help teams and other such organizations compete not only with each other but also with District Councils, divisions of ministries, and other agencies of the central government. Of crucial importance to the survival and effectiveness of such local organizations are two factors. The first is their need for endorsement by a high authority of central government—either by formal decree or by informal "show of faith." The second is the acceptance of the organization by the other institutions in the area and by its target population.

In order to satisfy the first requirement, it seems appropriate for the regional development teams to be sponsored by the agencies responsible for national planning. In most African countries these agencies are prestigious institutions usually attached to the President's office or organized as senior ministries. It is these institutions on which the regional teams should rely for support—especially political support.

With respect to the second requirement, it is evident that the existing significant local organizations—including their leaders—must be involved in the establishment of the regional development teams and that great time and effort must be spent in explaining the functions of these teams. It should be made clear to the local agencies that the teams will be research- and action-oriented. Moreover, explicit organizational arrangements must be made so that the teams can rely on the other agencies to stimulate development action. This is especially important where local talent is a rare commodity. It is pointless to attempt to establish teams which are self-sufficient in the skills required for development action. Rather the effort should be to provide the teams with sufficient access to whatever local resources are available. In doing this, the need to involve and interest local leaders in the work of the teams cannot be stressed enough. Access depends mainly on the disposition of an organization's leadership. Failure to recognize the importance of the sensitivity of the political and administrative environment in establishing new local institutions can jeopardize their effectiveness.

The second important consideration raised by the suggested planning approach concerns the kinds of information that will be required for preparing the rural development plans. Such information must be capable of providing a basis for measuring production, difficult though this is in peasant communities. Subsistence communities are not necessarily bankrupt or even poor; regional development strategies need to be based on some knowledge of the viability of these communities. Selective sampling procedures may be used to aggregate the development potential of different settlements, thereby providing an assessment of regional potential.

[ Excerpted from the International Development Review. Washington (D. C.): the Society for International Development, Vol. XI, No. 2, June 1969, pp. 19-21. ]



TECHNICAL ASSISTANCE

INSTRUCTOR-TRAINEES IN THE YABA TRADE CENTER  
NEAR LAGOS, NIGERIA, LEARN THE USE OF THE PIPE  
BENDING JIG FROM AN ILO EXPERT. [PHOTO: INTER-  
NATIONAL LABOUR OFFICE]

## Technical Assistance: Needs and Supply Problems

OECD Expert Group, Paris:  
Chairman, E. C. Parsons

[ The Organization for Economic Cooperation and Development (OECD), comprising countries of Western Europe, North America and Japan, sponsored this report on the technical assistance requirements of developing countries, the skills needed, and the ability of suppliers to meet the need. ]

The requirements of developing countries for technical assistance should be for projects which support the priority areas in their development plans and which supplement the supplies of skilled and qualified manpower available from domestic sources. In practice, much technical assistance has been requested, and supplied, which has not corresponded to this concept of requirements.

First, technical assistance is supplied on a grant basis, leading the recipients sometimes to make requests as though no cost to themselves were involved. Second, demands are sometimes duplicated to several donors and may also, as a result of lack of local coordinating machinery for sifting requests, have only an approximate relationship to real requirements. Third, some donors themselves engage in "salesmanship" of technical assistance projects without adequate regard to their relevance to priority development needs. Moreover, demands tend to repeat themselves and to become simply a reflection of what it is known that the donors can supply. Also, expert services, often secured with great difficulty, may be seriously wasted during the initial stages of a mission due to inadequate advance administrative arrangements by the beneficiary country.

The treatment of technical assistance as a mass of unplanned (or unplannable) requests and responses can lead to serious losses in the development effort. A developing country may appear to need a great range of assistance; but limited possibilities make it essential that assistance be first directed to those sectors on which a sound and sustainable development program should be based. In those countries in Africa which continue to absorb the bulk of bilateral technical assistance, there is a particular need to plan ahead. Basic sectors such as education and medical services are being expanded rapidly from a low initial level; but this expansion can easily acquire a momentum of its own, without due regard to the capacity of the domestic economy to eventually shoulder the increased burden, or the ability of technical assistance donors to keep on filling the wide gap between domestic supply and the demand for skills.

For these reasons, donor countries and agencies ought to play an active role, in cooperation with the beneficiaries, in reviews of the latter's technical assistance requirements. Such reviews are best conducted on a regular (e.g., annual) basis, involving consultation among the representatives of aid agencies within a country and that country's planning authority. It is not indispensable that these analyses should be based on detailed skilled manpower surveys, with precise quantitative estimates of technical assistance needs. In the least developed countries, which are the main users of technical assistance, an effort at longer-term programming is especially needed, even if the objective is not projections and forecasts but the imparting of directions which are to govern subsequent action.

### Domestic Utilization of Skills

△ The underemployment of qualified personnel in some underdeveloped countries is partly due to faulty, or non-existent, manpower and educational planning and partly to lack of an adequate policy for salaries. There is often a surplus of graduates—especially those with liberal arts or law degrees—and a shortage of middle-level technical personnel. There are no global estimates of the losses of skilled manpower from developing to developed countries through emigration, but partial evidence suggests that this may go a long way towards offsetting the beneficial effects of technical assistance. The primary responsibility for reducing the brain drain rests with the developing countries themselves. This is not simply a matter of paying adequate salaries; other factors are at least of equal importance. Chief among these are the lack of a promotion system based on merit, political interference, administrative frustrations affecting professional work, and the lack of trained assistants and proper equipment.



In a number of countries—particularly former colonies—donors have made very substantial contributions to the creation of training institutions; for example, the number of African universities has risen from 20 to 45 over the past decade or so, and a large number of specialized institutes for agricultural training and public administration have been set up in the developing world. Yet there is evidence that many of these facilities are inadequately used, leading progressively to a decline in standards. For example, FAO estimated in 1965 that the agricultural faculties in Nigeria were only 50 percent utilized, at the same time that agricultural students were being given grants for study abroad. Priority should be given to support for these local institutions, even if in some instances their facilities are not as good as, or are more expensive than, some available abroad.

### The Supply of Technical Assistance

The amount of technical assistance provided under both bilateral and multilateral programs has been increasing. Bilateral expenditures under this head by countries of OECD's Development Assistance Committee (DAC) have doubled since 1962, rising from 13 percent to 23 percent of total DAC bilateral aid expenditures in 1968, and totaling almost \$1.5 billion in that year. A substantial part of the rise in expenditures is accounted for by higher costs and a switch to more expensive forms of assistance such as high level advisory services, consultant firms, etc. Multilateral technical assistance expenditures, which are about one sixth of the bilateral total, have also doubled since 1962.

Data on the numbers of personnel in technical assistance show some reasonably clear trends in the DAC totals between 1962 and 1968:

- a) a modest rise in the number of teachers supplied (chiefly by France, the United Kingdom and Belgium) to a total of around 38,000;
- b) a substantial fall in the provision of personnel classified as operational (United Kingdom, France and Belgium) to just under 20,000;
- c) a strong rise in the number of advisers (United States and France principally) to around 19,000;
- d) the emergence of a large officially-sponsored volunteer movement of the "Peace Corps" type, providing essentially middle-level operational personnel, which more than quadrupled in size since 1962 to reach a total of 25,555 persons overseas;

- e) a continuing increase in the numbers of study and training grants awarded to a total of over 78,000 (41,000 academic students, 37,600 technical trainees), some 90 percent of whom go to the DAC countries for their instruction.
- f) the slow but steady rise in the numbers of personnel provided under the newer bilateral programs—notably, of Canada, the Scandinavian countries, Japan and the Netherlands. Germany's technical assistance expenditure tripled in 1962-65, to exceed that of the United Kingdom.

Table 1: Numbers of Persons Involved in Technical Assistance Programs of DAC Countries in 1968

	<u>Experts</u> (including volunteers)	<u>Students and Trainees</u> (officially financed)
Australia	1,035	2,702
Belgium	3,057	2,971
Canada	2,626	3,149
France	42,613	16,263 (est.)
Germany	5,986	16,202
Italy	1,295	1,122
Japan	1,668	1,760
Netherlands	980	1,130
United Kingdom	18,352	10,179
United States	29,109	20,855
Other DAC	<u>2,352</u>	<u>2,201</u>
	109,007	78,534

[NOTE: Figures in Table 1 and the preceding paragraphs were updated to 1968 using OECD's 1969 Review of Development Assistance, Appendix tables 3, 20 and 23. However, such updating was not available for the figures in the paragraphs below.]

These trends reflect to a large extent conditions in Africa, where over half of the bilateral technical cooperation expenditures and about two thirds of expert personnel were concentrated. Given the heavy continuing commitments of former colonial powers (France, the United Kingdom and Belgium), trends towards greater geographical dispersion are likely to be slow; indeed, the indications on the requirements side are that, even if these countries individually seek to spread their technical aid more widely, their place in supplying personnel will need to be taken by other donors—as has, indeed, already been happening to a limited extent. Multilateral technical assistance programs are geographically widely spread and impinge on almost every developing country.

The geographical breakdown of personnel in 1965 (bilateral programs only) was: Africa 66,609, of which north Africa 28,362 and south of Sahara 38,204; Latin America 9,679; Asia 12,854, with 6,502 in the Far East and 4,121 in South Asia; total 92,332.

Of a total of about 81,000 expert personnel and 23,000 volunteers provided under bilateral technical assistance programs in 1966, more than half of both categories were engaged in educational work, the vast majority being teachers. The sectors economic planning and public administration, power, transport and communication, and agriculture each accounted for about one sixth of the remaining experts (not including volunteers), while one tenth served within health services and one twentieth in industry and trade. On the training side, of a total of about 30,000 students in higher education with technical cooperation grants, main fields of study were engineering (one sixth), education (one seventh), agriculture (one eighth), medical sciences (one eighth) and natural sciences (one tenth). Of a total of nearly 38,000 trainees publicly financed under bilateral technical assistance programs, one fifth received training in the industrial and trade field, one sixth in public administration and economic planning, one seventh in agriculture and one tenth each in the two fields of education and power, transport and communication; and the rest were in such sectors as health and social services, and in unspecified fields.

### Skills Needed for Growth

Certain general needs may be set out in summary form:

1. In agriculture, to meet the urgent needs for increased productivity and a rise in agricultural incomes, emphasis should be put on means for transmitting techniques to the working farmer—extension services, agricultural training, cooperatives, etc. It would probably be necessary for specified periods to concentrate efforts (training and demonstration work, supply of personnel, supporting institutions) on certain more promising regions within developing countries. Expansion and reorganization is needed in research to promote tropical and arid zone agriculture, with emphasis on putting fundamental and applied research into touch with the wide variety of local needs in developing countries. Wider dissemination of research results among the aid agencies is also needed.

2. In education, the main objective should be to use aid as a means of bringing the rapidly expanding education effort in developing countries into line with development needs by encouraging innovation and change in education systems; assisting with the reduction of costs; at the university and higher technical levels, assisting with quantitative expansion (Africa) and qualitative improvement

(Latin America and Asia), and putting more emphasis on "development-oriented" universities instead of "élite" universities; at the primary and secondary levels, along with a further expansion of direct teacher supply (notably in technical and scientific subjects) over the next few years, there is a major need for increasing the proportion of teacher trainers in the total supply; encouraging the development of adult education, not in mass literacy campaigns, but in relation to specific economic and social needs.

3. In public administration, the needs for continuing external support have been generally underestimated, especially in respect of the strains imposed on developing countries' administrations by the effort to accelerate economic growth. Personnel are badly needed by a substantial number of countries for operational, as distinct from purely advisory, tasks. Over the longer term, increasing emphasis should be given to the creation and extension of training facilities at all levels with a substantial bias towards administrative skills needed for economic development: fiscal and budgetary administration, plan implementation, regional development, foreign trade management, etc.

4. In industry, a major effort is needed to put the skills of the private enterprise sector in OECD countries more extensively at the service of the developing countries, and aid agencies should actively seek ways of cooperating with private firms and be prepared to use financial and other incentives for this purpose. Greater attention should be directed to raising the efficiency of existing local industries, and to encouraging the development of indigenous entrepreneurship. There is a particular need for advisory assistance on government policies directly or indirectly affecting industrial development. Further research is needed—if possible, jointly among developed and developing countries—on the question of the appropriate levels and applications of industrial technology.

#### Meeting Future Requirements

A first consideration in any further expansion of the technical assistance effort is that, with a single exception (France), DAC countries supply only a small fraction of their total pool of professional and technical workers for technical assistance—even though the claim on particular professions may be significant. France was in a recent year providing about 2.4 percent of its total professional and technical personnel for bilateral technical assistance work while no other DAC member provided more than 1 percent. The French contribution is dominated by the supply of teachers overseas, which absorbed about 7 percent of the domestic supply in 1964. In the agricultural field, the claims on the professionally qualified pool are large for several donors, amounting to around

9 percent of the total for France and the United Kingdom, and 3 percent for the United States. In industry and technology, France had nearly 4 percent and the United Kingdom well over 1 percent of their engineers and other specialists under technical assistance contracts.

The provision of training and study places for nationals of the less developed countries (LDCs) already make substantial inroads into the total available domestic places in certain countries. In Australia, Austria, France, Germany and the United Kingdom, LDC students were taking up in a recent year upwards of 4 percent of the total domestic enrollments in higher education. In the United States, between 1 and 2 percent of higher educational places were occupied by LDC students, of which about one eighth were financed under technical assistance. In Japan, the Netherlands and Scandinavian countries, LDC students accounted for under 1 percent of total domestic enrollments.

Since the claims of technical assistance are for the most part marginal to domestic skilled manpower supply in the donors, the basic problem of recruitment is one of making technical assistance work more attractive to compete with prevailing conditions in other employments. There is also scope for improvement in recruitment procedures: the main possibilities are in the maintenance of adequate central records of available personnel and training places and of requests received, filled and outstanding; and in methods of making the opportunities for technical assistance employment more widely known.

[ Excerpted from Technical Assistance  
and the Needs of Developing Countries.  
Paris: OECD, 1968, pp. 9-23 and 37. ]

## Evaluation of Technical Assistance

Organization for Economic Cooperation  
and Development (OECD), Paris

[ Evaluations of technical assistance activities are made routinely by donor agencies to check on and improve their programs; evaluation is equally important for recipient countries whose development efforts may be either successful or wasted. Quite often such evaluation is difficult, especially where unfamiliar technologies are involved, and hasty judgments may be misleading. ]

Evaluations of technical assistance projects are of several kinds and serve different purposes. Ex-ante evaluations, before a project has begun, are necessary to decide whether it is worthwhile or should be preferred to other alternatives. Interim evaluations while a project is going on provide discipline and help to avoid or solve current problems. Ex-post evaluations include the usual post-mortem at the time a project is completed, and also the kind of examination which is possible a few years later to see how far the long-run or the indirect results that were hoped for have actually taken place. Evaluations may cover a single project, a group of related projects, or a whole country or global program.

A very wide range of information may be needed to pass judgment on technical assistance activities, depending on the purposes of evaluation as well as the nature of the activities and their objectives. The following examples of four kinds of technical assistance projects and the pertinent evaluations illustrate what kinds of information can be relevant, and the questions that should be asked if well-rounded judgments are to be made.



## Reafforestation Project

The purpose of the project is reafforestation of a mountain area affected by erosion, with the short- and medium-term objective of halting erosion and regularizing the flow of torrential streams which cause serious damage to the crops in the plains downstream, and of developing forestry and allied industries in the longer term. Foreign experts have been appointed to help the local authorities in selecting the species to be planted, developing suitable seedling plantations, reafforestation techniques, protecting the areas used, and in applying a number of simple techniques (such as the use of rip-rap, of earth and fascines for small dams, flashboards and groins, etc.) to regularize the flow of torrents.

The simplest evaluation consists in seeing that at the end of the project the requisite number of acres have been replanted. A more exacting, sophisticated type of evaluation, requiring a certain time to have elapsed after the project, may consist of the following questions:

- Has the land been adequately reafforested, in accordance with the techniques demonstrated by the experts?
- Have the proper agronomic measures been taken to ensure that the seedlings will survive and continue to grow normally, with the help of trained local personnel?
- Have steps been taken to ensure that the reforested area will be effectively protected against the depredations of sheep, goats, rodents, insects, or the public?
- Have measures been taken to ensure the replacement of any seedlings dying for natural or other causes?
- Has the project helped train enough people with the ability to perform operations of the same kind in other parts of the country?

From a medium-term aspect, it will also be necessary to evaluate the effect of work done upstream on the acreage and the economic return from land downstream. A more searching type of evaluation would deal with such questions as: At the time considered, was the reafforestation of eroded mountain areas really a top priority for the country's development? If so, was the region chosen actually best suited for the project?

Any evaluation of such longer-term objectives as the development of timber farming and allied industries cannot of course take place before 20 to 50 years, depending on the tree species.

## Aid to University Education

The purpose is to help develop higher education by providing the university with a number of teachers not locally available.

The most basic form of evaluation is to check, immediately after the project is completed, whether during the period considered technical assistance was able to provide the required number of lecturers in the required disciplines. Another approach, needing a little more time and effort, is to determine whether the teachers have given satisfaction to the university authorities, to find out how valuable the teachers consider their own action to have been, and the value of the educational programs they have been asked to help apply but which they have had no hand in preparing.

If quantitative data are desired to support the value judgments, the following are relevant: the number of foreign teachers provided; the number of hours of instruction given by those teachers; the number of students who attended the classes of such teachers; and the number of students who successfully passed their examinations. After a period of time, further information bearing on the value of the project would include:

- The careers chosen by these students, the positions they have achieved after a given number of years, and the practical significance of these positions for the economy of the country.
- How many of these students are now able to replace the foreign teachers at this or other universities of the country?
- How many former students have chosen to emigrate to some highly industrialized country?

## Preparation of Investment Projects

The purpose is to train specialists (in the civil service, public or private sector) for preparing investment projects that can be taken into serious consideration by national or external financing organizations. To this end, highly qualified experts have been sent to the country to set up courses in the techniques of project preparation, both from the theoretical standpoint and as applicable to concrete cases.

An effort should be made to find out:

- whether the experts were actually able to set up a more or less structured, "institutionalized" system for teaching such techniques and for selecting those to be taught;

- whether, and to what extent, all the local institutions which should have been concerned, either as "producers" or as "financers" of investment projects, adhered to the system and agreed to assign some members of their staff to participate;
- whether these staff members were properly selected and possessed the necessary prior training;
- how many enrolled in such courses and how many dropped out; and in the event of any high proportion of dropouts for reasons other than inadequate prior training, whether this was largely the fault of the educational program and methods advocated by the experts;
- when a considerable proportion of dropouts is attributed to the participants' inadequate prior training, whether the experts kept strictly to their terms of reference or whether they proposed measures to improve such prior training and enable the courses to work more effectively in the future;
- whether the experts worked alone or were assisted by local counterparts capable of taking over after a few years;
- whether the instruction imparted could be quickly translated into action by enabling the participants to deal with the preparation of actual investment projects awaiting decision by such potential users as the Planning Department, the National Investment Bank, the technical ministries, branches of private industry, the International Bank for Reconstruction and Development or United Nations Special Fund; and the results.

Finally, after a few years have elapsed, one could try to assess the number, quality and importance of investment projects which, thanks to the training thus dispensed, have been prepared and accepted by financing institutions. It would even be possible to identify the investments actually realized on the basis of such projects, and to assess the impact of such investments on the country's development.

### Regional Development

The purpose is described as the economic and social development of a specific region in a country by setting up a "pilot area" reproducing the main ecological, sociological and other features of the region. The "pilot area" is to be the theater for experimental and demonstration work, results of which can then be spread throughout

the entire region and possibly to similar regions. The donor organization has accordingly brought in a group of experts: economists, sociologists, agronomists, livestock specialists, advisers in rural crafts and home economics.

After four to six years of activity the project is evaluated, and it is found that:

- a) owing to the lack of adequate statistical data the trends in output—the "regional product"—during the life of the project cannot be estimated;
- b) certain current indicators, however, seem to show that the standard of living of the local population has not improved to any great extent and may even be worse in certain categories;
- c) insofar as any change in the region's economic situation may have occurred at all and can be expressed in figures, it would be impossible to determine how much of the change can be attributed to technical assistance since many other factors came into play;
- d) while experimental and demonstration activities within the pilot area have accorded with the recommendations of the experts, dissemination of the results to the population of the region as a whole has fallen far short of the mark;
- e) consequently the project should be considered a failure.

Shortly afterwards a different evaluating team examines matters from a different viewpoint and notes:

- a) that the project as originally described was in fact highly unrealistic, and that by using the method selected the proposed results could never have been achieved anyway;
- b) that the attention of national and regional authorities had been insufficiently drawn to the considerable expenditure and local specialized personnel that would be needed for operations in the pilot area itself, and above all for their extension to the region as a whole;
- c) that the influence of rigid administrative structures had been considerably underestimated, if not ignored; however,
- d) that in some quarters, particularly among young people, the operations successfully carried out had begun to awaken interest in certain new techniques of land use, arboriculture,

animal husbandry, cooperative farm management, etc., and that inquiries on such subjects were beginning to come into the advisory services; as a result, national and regional authorities were becoming aware of the need for an extensive advisory program;

- e) that, reacting under the influence of the foreign experts, the field representatives of traditionally "competitive" departments of the central government were starting to get used to working together and with the representatives of regional and local private interests, and to see the economic inter-actions resulting from technical decisions which each had hitherto considered his own exclusive domain;
- f) that the discussions at various levels required to implement the project had ultimately triggered a movement in favor of regional planning, however rudimentary it might be initially, so as to align the region more closely with the objectives of national planning;
- g) that in the final account, while the project could be considered a failure in terms of the objectives originally defined, it had nevertheless indirectly attained other objectives, perhaps less tangible and quantifiable, but likely in the medium or long term to be decisive for the economic growth of the region and the country—provided technical assistance were directed henceforth towards regional development techniques.

[ The initial summary was the editor's; the examples were condensed from The Evaluation of Technical Assistance, Paris: OECD, Technical Assistance Evaluation Studies, 1969, pp. 41-48. ]

## The Economist as Policy Adviser

Gustav F. Papanek

[Economic policy advisers from foreign countries often find themselves in the midst of important and politically charged decision-making on developmental issues. Such advisory work is best performed by teams, mobilizing specialized skills; since economics training is too little oriented to this kind of advisory function, the development of experience through team situations is valuable.]

Economists working as advisers in less developed countries, or as members of a government's central economic staff, have a particularly sensitive role and can have far-reaching influence. They are concerned with such highly political questions as tax policy, and with decisions that impinge on values, institutions and power, such as the pace of industrial development, income distribution, land tenure and the location of investment.

### Factors in Effectiveness

The effectiveness of the professional as an agent of change depends on his professional competence, personality, status and connections, and the institution with which he works. For foreign economists it also depends on avoiding the suspicion of dual loyalty. These factors are to a considerable extent substitutable for each other. In most situations the highly competent economist will be forgiven considerable personality defects; a highly competent and effective personality can be tied to a relatively ineffective institution and is still likely to have a substantial

Dr. Papanek is Director of the Development Advisory Service of the Center for International Affairs, Harvard University, Cambridge, Massachusetts.



impact, and so on. There are obvious limits to this process of substitution, however.

To perform with professional competence under the difficult circumstances in a developing country, economists should have, in addition to the usual background in theory, history and quantitative techniques, an understanding of economic policy and its formulation. Yet as the theoretical and quantitative bases of economics have become more complex, and acquiring them more time-consuming, training in the profession has tended to become more and more focused on the discipline itself, not on its contribution to the solution of problems. The universities increasingly produce economists superbly trained in the tools and especially the quantitative tools of their profession, but with little knowledge of their application.

Above all, students usually receive little or no training in diagnosing or prescribing for the ills of an economy. They study particular sub-fields, but not how to integrate them unless it is through a macro-model which usually cannot handle the necessary variables and uncertainties. Yet many of the crucial decisions an economist must make in a less developed country relate to priorities and inter-relationships—for instance, granted that Indonesian inflation and stagnation resulted from government deficits, inappropriate price incentives, incorrect foreign exchange rates, inadequate and distorted investments and so on, which policies should be changed first and how are they interrelated?

The first step to increase the supply of economists trained to work for the governments of less developed countries is to provide policy-oriented, problem-solving courses or seminars based on concrete cases to graduate students in the field. Other professional schools, particularly in medicine, law and business, rely very heavily on problem-solving and cases to teach not only the applied aspects but also the principles and theories of their field. It is doubtful that economics can usefully imitate them, but it can at least provide some seminars with this orientation.

The second step clearly requires the opportunity to acquire experience, preferably with guidance from a senior colleague. A team approach can provide on-the-job training. In a team it is possible to combine the energy and enthusiasm of younger members with the experience of older ones, and competence in specialized fields with a broad view of the economy. A team can provide experience to the younger members without the risk to a client country which their lack of experience would involve. An apprentice relationship is widespread in the professions—medicine and law provide examples—and there are the beginnings of it in economics in large, well-organized government offices. It is particularly needed in the

amorphous, confused situation which exists in the newly established economic staffs of less developed countries.

The second approach to the need for experience among policy economists in less developed countries is the development of a career pattern that permits economists to work for long periods of time in governments of less developed countries without damaging their professional advancement. Esteem in the profession is, above all, a function of publication, especially of work which involves theoretical or methodological advances. But work in less developed countries has serious drawbacks for publication of this kind: some of the work must remain confidential, and work pressure leaves little time for writing; in addition, data are poor and non-economic factors prominent; and auxiliary facilities are usually scarce.

Solutions to these career problems essentially require a recognition that policy work can be highly rewarding in advancing the discipline—that is, it is good for economists and for an understanding of economic causality, not just for the governments advised. Given this recognition, it is possible to devise institutional means to provide career rewards for those engaged in advisory or other overseas work. More difficult, but also more useful, would be arrangements by academic institutions of career possibilities which clearly envisage alternation between periods in the less developed and the developed countries, the former devoted to research and advising, the latter to teaching, research, writing and catching up. Less developed countries would be able to obtain advisers who are experienced yet familiar with recent developments in their profession; the academic institutions would gain faculty members who can bring to teaching and research the extensive field experience now so often lacking.

#### Competence through Team Effort

Increased professional competence for government economic advisers increasingly requires specialization and a team effort. One of the staff's major functions is to consider priorities and interrelationships, and to do this effectively simply requires a number of specialties. Rarely can much be accomplished by fewer than 5 or 6 good professionals in a small country. A large economy usually needs a minimum of 10 or more competent and experienced economists, nationals and foreigners.

As an example: in the early 1960s Pakistan's Planning Commission was doing much of the staff work on a major increase in the level of the development effort; it was laying the basis for a six percent rather than a three or four percent rate of growth. This required: 1) careful analysis of the policies and programs that

could step up the rate of agricultural growth—what would be the effect of higher and more stable prices? what were the storage requirements to permit price stabilization? what was holding up the fertilizer program and how could the bottlenecks be removed? what would be the effect of price changes on imports, exports and internal consumption? and so on. 2) Someone had to look at industry to forecast the requirements for additional imports and their most likely composition; to devise a sensible strategy for further industrial investment; to consider the role of private enterprise and the government development corporation in carrying it out; and to examine the policy changes required. 3) A careful analysis of the foreign sector was required: what increase in exports could be expected? what imports would be required? what private foreign investment might be induced and what foreign public funds would be needed? 4) All of the policies and programs had to be translated into financial terms. Their effect on budgetary requirements and credit policy had to be examined and the level of government borrowing considered. Tax policy alone required a major effort. Finally, all the major individual pieces of analysis, plus innumerable minor ones had to be put together in a consistent and feasible package. Priority decisions had to be made and reasonable consistency assured. Then the whole package and individual pieces had to be discussed with the relevant ministries, provinces, foreigners and international organizations, most of them skeptics. Compromises were made; new information required changes; mistakes were inevitable. Some mistakes, weaknesses and inadequacies could be tolerated, but if they had been extensive the package would have fallen apart.

Major economic decisions involved in a complex package of policies and programs such as this can be put together only by a team of economists working together and learning from each other. The individual can enhance his effectiveness by joining an economic team. The proportion of the team supplied by the foreign institution obviously would depend on the number of nationals available.

### Personality

Much has been written about personality traits desirable in foreigners engaged in technical assistance, and much of it leads to the conclusion that paragons of all virtues are required, veritable saints. Three requirements bear stressing, however; commitment, staff character and controlled compassion. Most economists work with a political leadership that often has to take their recommendations on faith. The relationship is in this respect very similar to the doctor-patient one. The political leader, like the patient, does not really know whether the advice is good, and will strengthen his political "health," as well as helping the country, or whether it will get him thrown out of office (or worse). He can, however, judge

somewhat better whether the economist—again like the doctor—is seriously committed to a country and its development, or regards them with detachment. Economists have been forgiven many personality defects if they were clearly dedicated, concerned about the results of their advice, and not detached clinicians who found failure as interesting as success.

The second aspect of personality required of anyone serving in a staff function is an ability to be self-effacing, yet an effective advocate. Almost inevitably, credit for successful economic policies goes, and usually should go, primarily to the political leadership. The staff member who insists on publicly stressing his own role will often find his access to his superiors sharply reduced. Finally, economists working in less developed countries, especially in really poor ones, must be compassionate, but their compassion must be controlled. Without compassion the inevitable frustrations are more difficult to bear, political sensitivity is likely to be weakened, and the economist's advice will take on a harshness which will not endear him to his colleagues or superiors. But the compassion must be controlled, for if poverty and misery mean constant, sharp blows to the psyche, it becomes difficult to function.

It is not clear that much can be done to develop these personality traits by training. Participation in a group effort, however, can provide effective personality training, by exposing the individual to the behavior of his colleagues and by giving him support in handling the problems he encounters.

### Foreign Professionals and Dual Loyalty

Foreigners working on major economic issues must be as little subject to the suspicion of dual loyalty as possible. In effect they must behave and must be known to behave like national civil servants. A number of rules have proved valuable in avoiding even the suspicion of dual loyalty: financing of the technical assistance program by international or private organizations rather than by bilateral government programs (to avoid the suspicion and temptation that he who pays the piper may sometimes want to select the tune); international recruiting and an international composition of a team (it is hard to see conspiracy in a team sponsored by an American institution, headed by a Norwegian and staffed partly with Dutchmen); and insistence that any technical assistance effort result from a strong host government request and be subject to frequent review, during which the outside agency is always ready to terminate its assistance.

There is another side to the coin of a quasi-civil servant status. A civil servant is expected to advocate the policies he considers right, to carry out the policies finally decided on and to resign if the

gap between his recommendations and a government's decision becomes too great. If foreigners are to be loyal staff members of a government, the government has to be one they can be loyal to. When its actions differ too greatly from the foreigner's moral principles or professional views, he, and any organization which provided him, needs to end the relationship.

Is this a realistic prescription? Is it realistic, first of all, to suggest that a foreigner can be professionally loyal to another government and, second, are there more than a handful of governments in the less developed world whose policies can command such loyalty? In some ultimate philosophical sense these are difficult questions, but perhaps such ultimate questions can be avoided.

An important factor permitting many economists to work as advisers in less developed countries is the existence of what could be termed the fifth, or technocratic, International. This is a startling development of the last 15 years—the existence in important positions in the governments of both developed and less developed countries of economists with a similar professional training and outlook. In the early 1950s only a few economists played any role in governments. Among them, and their colleagues on the fringes of policy, ideological differences were often fiercely debated. There were strong advocates of widespread government ownership and control, and equally strong advocates of unbridled private enterprise. Now there are many more economists with an influence on policy. With greater government experience has come greater flexibility and pragmatism, more concern with policies that work than with policies that are ideologically pure. As a result of progress towards a professional consensus, foreign economists working in many less developed countries have immediate and natural allies in their national colleagues, who share their professional language, and often their goals.

Increasingly the governments of less developed countries are not monoliths, but a combination of groups with somewhat different approaches and objectives. This greatly eases the moral and practical problems of the foreign economists. The organizations they are attached to are increasingly pragmatic advocates of economic rationality, professionals acting as "agents of change." Thus foreign economists find it easy to be loyal to the organization and to its vision of the country's future, even if the government served includes other tendencies.

[ Excerpted from "The Economist as Policy Adviser in the Less Developed World," International Development Review. Washington (D. C.): the Society for International Development, Vol. XI, No. 1, March 1969, pp. 7-13.]



## The Capacity of the United Nations Development System

R. G. A. Jackson

[ This study was undertaken for the Governing Council of the United Nations Development Program (UNDP). It makes a detailed, critical examination of the present and future capacity of the United Nations system as a whole to undertake technical assistance and pre-investment studies. Shortcomings are analyzed, and extensive proposals are made to strengthen the UN system for a larger role in the next 25 years. ]

When considering the whole picture it is essential to keep the positive achievements of the UN Development Program constantly in mind. It is an active program, it operates in a hundred countries, brings help of the most varied kinds to the solution of an astonishing range of problems—in fact it is the embodiment of the United Nations to villagers and townspeople, as much as to senior civil servants and ministers. It demonstrates—and universally—that the UN system can, and does act.

However, my concern has been primarily with the impediments to the effectiveness of the present operation. The two chief criticisms leveled at the United Nations Development Program are that it is slow, and is not yet making the best use of its resources. On the evidence before the study, both are justified. Many officials within the system recognize these shortcomings and want to correct them, but their efforts are often frustrated by the pressures on their time and by the intractability of the organizational structures.

Commander Sir Robert Jackson is a senior consultant to the United Nations Development Program.



While judgments are difficult, it is possible to identify the general picture in quantitative terms—referring primarily to performance in the Special Fund component by UNDP itself and the four principal executing Agencies (UN, International Labor Office [ILO], Food and Agriculture Organization of the United Nations [FAO] and the United Nations Educational, Scientific and Cultural Organization [UNESCO]) which are responsible for about 80 percent of the operation. Here, it can be shown that the operation has become slower as it increased in size, despite many efforts to speed up procedures. Thus, the total genesis of a Special Fund project from the time it is first discussed until the moment that it starts operations as an approved project may take up to three or four years, or even more. In part, this long interval is conditioned by an excessively long pipeline which would now appear to contain some 1,200 new or second-phase projects. On average, about half the operational projects are running behind schedule, for reasons partly attributable to the UN development system and partly to the recipient governments. Most completed projects run six to eight months beyond their scheduled termination and, in financial terms, the delivery is about a year behind schedule.

From a qualitative point of view, there is broad agreement on a number of general aspects. The basic nature of "technical assistance" has changed very little over the years, and probably too much has been expected of it. [There is widespread criticism that those concerned with the operation are all too often ignorant of the subtleties of the development process, and insensitive to the needs of the developing countries.] This has led to a "donor bias"—i. e., the initiative for a project comes from an agency and not from the country itself—and a failure to recognize the need for a comprehensive approach to development problems. Another general stricture is that insufficient emphasis has been placed on training. At the same time, the number of institutes is almost certainly excessive, having been started without due regard for local manpower requirements and employment prospects or for the alternative possibilities of multinational institutes. Surveys, too, have been conceived on an excessively long-term basis, without sufficient attention to the resource position of the country. There is, in my judgment, about 20 percent of "deadwood" in the present operation—projects that are not worthwhile if subjected to the acid test: "Is it essential for our development?" In a program costing some \$180 million a year in project costs, they represent an expenditure of roughly \$36 million. Obviously, it will not be easy politically to eliminate these, but it is clearly in the interests both of the developing countries and of the UN development system to do so as far as possible.

The root of these deficiencies can be identified:

- a) Programming and project formulation. The present programming procedures do not adequately reflect the real needs of the developing countries, nor is there any form of integrated approach to the problems of each country. All too often, projects are the results of Agencies' "salesmanship" rather than a response to priority needs and this is encouraged by the "project-by-project" approach adopted for the Special Fund component. The consequence is "scatterization" of effort, lessening of impact, and a tendency to the self-perpetuation of projects.
- b) Execution. Difficulties here stem largely from the heavy operational burdens which have devolved so suddenly on the Specialized Agencies and which surpass the present capacity of several of the larger ones. This leads not only to delays in delivery but also to a decline in quality.
- c) Evaluation. Quantitatively, so much evaluation is now being attempted that it almost amounts to international hypochondria. It is a definite brake on the capacity of the system.
- d) Follow-up. What should be the most important phase of the program is often its weakest link, and insufficient attention is paid to it as an integral phase in the whole process of development.

Impediments to capacity exist at three organizational levels. At headquarters, there is no central administrative machinery designed for the specific function of cooperating with the developing countries. The structures of most of the Agencies reflect their original constitutional functions and many are clearly still experiencing difficulties in equipping themselves with an operational staff. Key officials in the headquarters of UNDP and some of the Agencies with the largest programs state that the size and complexity of the present operation exceeds their capacity to work effectively. I agree. At the country level, capacity suffers because the UN development system is not represented in an integrated fashion. Virtually everyone wants the Resident Representative of UNDP (in each developing country) to have greater powers. The sectoral interests of some Agencies are projected through a pattern of field representation that is not conducive to the best interests either of the country's development or of the UN development system, but which merely adds to diffuseness and bewilders the government. Organization at the regional level is now so convoluted that the UN development system will need to use it with great care if the capacity of the present operation is not to be prejudiced.

As to the recipient governments, the main problems clearly relate to absorptive capacity. Where bottlenecks to any country's ability to use more development cooperation are identified, they should not be regarded as a limiting factor. Rather, it should be a primary objective for the UN development system—always acting in conformity with the government's expressed wishes—to help to break them.

A final point bearing on capacity: for many years I have looked for the "brain" which guides the policies and operations of the UN development system. The search has been in vain. Here and there throughout the system there are offices and units collecting the information available, but there is no group (or "Brains Trust") which is constantly monitoring the present operation, learning from experience, grasping at all that science and technology has to offer, launching new ideas and methods, challenging established practices, and provoking thought inside and outside the system.

#### The Next Twenty-Five Years

There can be no doubt that intelligent planning for the future, based on a realistic time scale, would greatly benefit the developing countries and simultaneously make possible the best use of resources. If the governments of the member states will accept two fundamental facts, the next 25 years could be richly rewarding for both the developing countries and the UN system: first, many of the developing countries will continue to need technical cooperation for at least that period; second, member states themselves must assume an important part of the responsibility for that cooperation by fashioning a suitable United Nations instrument to do the job.

Few factors worry me so much as the lack of urgency which often permeates development work. What should be done? One must continue to hope that one day the rich nations, preoccupied as they are with their own national problems, will do more to cooperate with the developing countries by way of capital transfers, debt relief and enlightened trade policies. Meanwhile, effective technical cooperation, given the unrelenting support of these nations, could undoubtedly help the developing countries enormously and the UN system ought to be ideally suited for that task.

Belatedly, there is some recognition of the desirability of directing more funds for development cooperation through multilateral channels. It is explicit, for example, in the Program Presentation (for 1970) to the Congress of the United States by the Agency for International Development, and is reinforced by the recommendations of the Pearson Commission (Commission on International Development). Personal discussions with representatives of many of the

main donor countries have confirmed that further substantial funds would be channeled through the United Nations Development Program if its ability to handle increased resources effectively could be established.

In the world of tomorrow, it will be more important than ever to comprehend the specific problems of each country and its people. National sovereignty must remain a decisive factor until such time as individual countries in their own wisdom are prepared to yield part of it to some larger concept. At the same time, the country approaches must be effectively reticulated into the global and regional objectives for many fields of human endeavor: for example, FAO's Indicative World Food Plan for Agricultural Development; the World Employment Program of ILO; the Indicative World Program of Education prepared by UNESCO; the Malaria Eradication Program of the World Health Organization (WHO); and the World Weather Watch of the World Meteorological Organization (WMO). And so the story goes on. The resources of the sea, the exploration of outer space, protein research, all have their implications, direct and indirect, for both the developing countries and the Specialized Agencies. These endless opportunities for cooperation between all countries and the international system will most effectively be translated into action when they are fully accepted by each member state and woven into national development plans.

And so we come to the crossroads. Two ways lie ahead. One is a familiar, well-beaten track—the ad hoc "tinkering" methods of the past. The other beckons on to new horizons. If governments continue to "tinker," then an objective judgment of the present capacity of the UN development system would limit the operation financed by UNDP to about \$200-250 million annually. This is an intolerable prospect for the United Nations and for the developing countries. Member governments must therefore be prepared to grasp the political nettles and adopt clearcut policies which would realize the objectives to which they have subscribed. Among many important changes, this would require the transformation of UNDP into an effective operational organization as the center of the United Nations development system.

UNDP performs a dual service. The first—technical cooperation—is of long standing and one in which it is pre-eminent (although there is still room for improvement). The importance and scope of this work is out of all proportion to its cost, which is very modest, for it serves all governments in their efforts to equip their countries with the skills, the knowledge and the receptivity to new methods and ideas without which development, however well endowed, will not take root. The second service—"pre-investment"—is different in purpose, since it aims specifically at opening the way to

investment, but is also of the greatest concern to the developing countries. In addition, it is of special interest to the World Bank Group and to the sources of capital.

One of the main tenets of this report is that the UN development system, under the leadership of UNDP, should program its technical cooperation and pre-investment services at the country level. The Commission on International Development, too, identified this procedure as one of the keys to the successful administration of multi- and bilateral assistance. If UNDP does not take the lead in integrated programming at the country level of pre-investment needs to be met from the concerted resources of the UN development system, then the Bank will once again have no option but to do so, in support of its own investment programming.

The relationship between UNDP and the World Bank Group in the fields of pre-investment and investment must therefore be of crucial importance. The World Bank Group should be the chief arm of the UN system in the field of capital investment, while UNDP should perform the same function for basic technical cooperation and pre-investment. I believe categorically that UNDP could be transformed by governments into an efficient medium for providing both technical cooperation on a substantial scale and pre-investment projects in numbers and of a standard suitable for the Bank's requirements. Of course, neither UNDP nor the UN development system is exclusive: the latter cannot provide all the pre-investment studies needed by the developing countries, and the Bank cannot provide all the capital they need. It is evident, however, that UNDP's operations must expand at about the same rate as those of the Bank.

This study describes how UNDP could be organized and equipped to travel along a new highway in the future and to undertake effectively a much larger and more responsible task. The major recommendations made by the study are the minimum I consider essential to bring system and order into UN's development cooperation work and to permit it to expand steadily. Above all, the United Nations Development Program must be conceived as an operation. This entails the adoption of measures which should include:

First, the introduction of a programming method which would enable all inputs from the UN development system to be programmed comprehensively at one time in a program corresponding to the needs and the duration of each country's national development plan.

Second, effective and prompt execution of approved projects, having recourse, as necessary, to all available methods and resources within and without the system.



Third, controlled evaluation, designed to maintain the accountability of the Administrator of UNDP for the use of all resources contributed to UNDP, to measure results, to judge the effectiveness of the methods used, and to draw conclusions which may be applied with benefit to future operations.

Fourth, effective follow-up conceived as an integral part of each project from the outset.

Fifth, the introduction of an efficient information system.

Sixth, organizational reforms at the country, regional and headquarters level designed to integrate the components of the UN development system more closely. These should combine greater control at the center with maximum decentralization to the field level, where the authority of the Resident Representative should be greatly strengthened.

Seventh, proper staffing of the operation at all levels, involving far-reaching measures to attract and retain the best qualified people available.

Eighth, a financial framework designed to ensure the smooth, running of the operation, through which the maximum possible amount of funds entrusted to the UN development system for development cooperation should be channeled, the head of the central organization being held personally accountable for their use.

Ninth, maximum use of all modern managerial and administrative aids and techniques to ensure an effective, expeditious and economical operation.

Tenth, maximum flexibility on the part of governments and the system alike to permit adaptability to changing circumstances and a speedy and effective response to new challenges and opportunities as they arise.

[ EDITOR'S NOTE: The voluminous report which follows provides far more detail and reasoning on means of carrying out these ten recommendations than can be reported here. One aspect of the recommendations was selected for summarization. ]

### Human Resources

Nothing is more important than human resources in determining the capacity of the United Nations development system. As an essentially operational process, UN development cooperation entails



serious executive responsibilities for its staff and a particular range of specialized talents and experience. Thus, looking toward another quarter of a century of development cooperation, it obviously becomes indispensable to create a career service for the permanent staff engaged in planning and administering the program—a United Nations Development Service. This should be a prestige corps, based solely on merit and ready to serve anywhere at any time.

This Service should have the following characteristics: Its geographical distribution should be as wide as possible, but Article 101 of the Charter, which states that "the paramount consideration... shall be the necessity of securing the highest standards of efficiency, competence and integrity..." should be applied rigidly in order to ensure maximum service to the developing countries. The staff should be small in numbers and of the highest quality. They should be trained in all aspects of development, special emphasis being placed on management and "operational-mindedness." Conditions of service should be comparable, wherever necessary, to those offered by employers outside the UN system and make provision for peripatetic living conditions. Ideally, there should be a clean break with the salary structure of the United Nations; but, should this not be possible, the latter should be applied with much greater flexibility. The new Service should have its own Appointment and Promotion Board. Capable and qualified people within the Service should have the opportunity of rising to the top posts if they are fitted for them. Outside recruitment for such posts should therefore be kept to a minimum.

Recruitment at the entry level is the most decisive phase in building up a career service and should become the principal means of doing so. The staff establishment of UNDP should include a sufficient number of junior professional posts at an adequate level to attract the ablest candidates who should have university training in one of the fields of higher education relevant to development work, especially development economics, planning, or other branches of the social sciences. Selection should be competitive, possibly based on written tests but in any event on a strict and impartial appraisal of qualifications (including linguistic qualifications) and of character and personality. Resident Representatives could help with the preliminary screening of candidates. A valuable source of recruitment of young people already exists among junior professional trainees appointed to UNDP field offices under arrangements arrived at between UNDP and an increasing number of developed countries.

Naturally, not all countries would be able to finance such a scheme. Regional competitions should therefore be organized for the selection of well-qualified candidates for career posts, especially from less developed areas. Another way of encouraging the

entry of candidates from these areas would be to establish many more "local professional posts" in UNDP field offices, paying them good local salaries. Provided their service proved to be of high standard at the end of an agreed period, they could be considered for regular international posts. Alternatively, they would revert to other employment.

Carefully selective recruitment at entry level should ensure effective geographical distribution at a relatively early stage, but provision would have to be made for some recruitment at middle and higher levels until first-entry staff could fill all positions; this should be mainly from other components of the UN development system. Training would be a vital element. A Staff College should be established, possibly in cooperation with the United Nations Institute for Training and Research (UNITAR). Sabbatical leaves should be given to operating personnel for study purposes.

The position of the Administrator of the United Nations Development Program should be endowed with increased authority and should be analogous to that of the President of the International Bank for Reconstruction and Development (IBRD) and the Managing Director of the International Monetary Fund (IMF). His appointment should be made by the General Assembly on the recommendation of the Secretary-General.

Throughout the study, the decisive importance of the role of Resident Representative—that is, the UNDP's chief official in each developing country—and of the quality of men and women filling these posts, has been emphasized. They should be recruited into the new Development Service and given real authority. The highest posts throughout the organization should always be open to them, since first-class staff would be unlikely to join the new Service or remain with it unless they had the opportunity to reach the top. Political patronage is incompatible with development; only very exceptionally should any Resident Representative be appointed from outside the Service. The present average age of Resident Representatives (55) is unduly high for an operation and younger people should be brought forward quickly. Any of the present Resident Representatives unable to provide the standard of service required in the new organization should be released, compensation being awarded.

The UNDP will always need good consultants and should build up a "stable" of advisers who have proved their suitability. This process should be assisted by the introduction of a system of programming, which would make it possible to forecast requirements further ahead. They should always be of high caliber; the quality of their work can contribute greatly to (or detract from) the image of the operation.

I turn now to the manpower required to execute projects, the specialized project personnel, not only for UNDP per se but also, in larger numbers, for the UN Specialized Agencies—FAO, WHO, etc. There can be no doubt about the genuine difficulties that exist in recruiting suitable project personnel (i.e., "experts" in a variety of fields) for the UN development system. The general position appears to be improving slowly, according to the Agencies, but governments continue to be seriously exercised about it. More frequent contracting of projects outside the UN system would ease the burden of direct recruitment and also provide cooperation to the developing countries more rapidly. Much greater use should be made of associated staff, including both associate project staff (junior technicians with basic theoretical training but without experience) and volunteers. I warmly endorse the recent resolution of the Economic and Social Council (ECOSOC) recommending early study of the possibility of setting up an international volunteer corps.

Counterpart staff are of major importance to the operation, but they are frequently difficult to provide, both in quality and in numbers. Nevertheless, it is in the interest of the developing countries to make available the best national staff in order to ensure the success of each project. Assignment policy should be more flexible: in some cases it might be appropriate to designate a national counterpart as project manager, assisted by an international specialist as adviser; and there are other possibilities. Training of counterpart staff should be part of the UNDP training program.

[ Excerpted from A Study of the Capacity of the United Nations Development System.  
Geneva: United Nations, November 1969,  
Vol. I, pp. 8-23 and 39-42, and Vol. II,  
Chapter 8, passim. UN Doc. No. DP/5.]

[EDITOR'S NOTE: The Jackson report has, not surprisingly, produced mixed reactions and some controversy in the United Nations and outside. The following non-official summary of a few of the points made in the recent comments on the "Capacity Study" by the UN Inter-Agency Consultative Board (IACB) to the Governing Council may be of interest.

The IACB feels the Study reflects too little the history of the UN system, in particular its extraordinary and unprecedented growth—twenty-fold since 1949, six-fold in the 1960s: 60,000 expert assignments have been made; 45,000 persons were trained; \$2 billion committed in investments has followed the pre-investment studies.

The Study is thought to underestimate the system's dynamism, though it properly indicates certain constraints.

Many of the Study's recommendations are endorsed by IACB, while others are questioned or proposed for further study. The IACB favors more decentralization than the Study in the position of the Specialized Agencies. In several instances the IACB: endorses the Study's diagnosis but questions the remedy (human resources); or it endorses the direction of change but not the particular method proposed (country programming); or it supports a proposed change but expects less of it (subcontracting). However, the IACB welcomes the timeliness of the Study and its impetus toward self-examination and attention to problems of the future; strengthening of the system is an agreed objective. Reactions of national governments are being sought. ]

## Technical Assistance by Private Enterprise

Organization for Economic Cooperation  
and Development (OECD), Paris

[ Technical assistance by private firms operating in developing countries is normally omitted from tabulations of "aid;" systematic data are lacking. Their contributions, chiefly in providing technical and managerial training to company employees and customers, are nevertheless significant. ]

At a time of increasing preoccupation with the requirements for technical assistance to less developed countries, and of growing realization that its volume should expand and its methods be refined, it is appropriate to inquire into the activities, experience and attitudes of private enterprise, which plays such a key role in the economic life of many developing countries. The representatives of the Business and Industry Advisory Committee (BIAC) to the OECD expressed their willingness to cooperate in such an inquiry. A list of firms willing to collaborate was drawn up. Interviews were then carried out in each of 48 firms on the basis of a checklist of points of interest. This survey was intended as a pilot operation to demonstrate the extent and character of private enterprise interest in technical assistance in a limited number of firms. The firms chosen were generally large; a survey of a larger number of smaller firms might produce somewhat different results.

Most big private firms with business interests overseas engage in a variety of activities which may be included in "technical assistance" as the term is generally understood. The majority of firms train company personnel, and this is the main activity covered here.

Table 1: Facts About the 48 Firms Surveyed  
(in numbers of firms)

<u>Country of Headquarters</u>		<u>Areas where Firms are Active in Less Developed Countries</u>	
Belgium	6	Europe	6
Canada	1	North Africa	5
France	5	South of Sahara	28
Germany	5	Latin America	23
Italy	6	Middle East	5
Japan	7	Far East	12
Netherlands	3	World Wide	16
Sweden	2		
United Kingdom	5		
United States	9		

Fields of Industry: Petroleum, petrochemicals—3; mining—6; electrical manufacture—9; engineering, industrial goods—10; chemicals—6; durable consumer goods—6; foods, beverages, tobacco—4; other consumer goods—11; shipping—2; airlines—2; trading—1; plantations—1; fishing—1; banking—1.

NOTE: A firm may be active in more than one area, or field of industry, so totals exceed 48. In one case a firm reports two headquarters locations.

### Types of Training Provided

Training by private enterprise takes many forms. Some kinds of training are given at headquarters, other types are given overseas in developing countries; the level of skills transferred covers a very wide range. A general idea of the various types and durations of the training programs given by the 48 companies may be obtained from Table 2. There are certain tendencies which may well be characteristic of training by private industry in general, or at least of the bigger enterprises. Two features are that technical training is much greater in volume than managerial training, and that high-level staff is trained at the home base and low-level personnel at the overseas plant. There are, however, exceptions to both generalizations—in particular with regard to non-technical middle-level staff of service trades.

About 70 percent of the participating firms run training programs for their high-level personnel from developing countries at headquarters, in particular for high-level technical staff but also for purely managerial staff. High-level personnel are trained at



Table 2: Periods and Types of Training

	<u>At Headquarters</u>	<u>Overseas</u>
Short duration training (1-4 weeks)	<ul style="list-style-type: none"> <li>- familiarization courses for engineers</li> <li>- refresher courses for middle- and high-level management</li> <li>- seminars for middle-level management staff</li> <li>- indoctrination training for salesmen</li> <li>- customer training</li> <li>- students during summer vacation</li> </ul>	<ul style="list-style-type: none"> <li>- on-the-job training in some industries</li> <li>- group training for low and middle-level administrative staff</li> <li>- seminars for junior management staff</li> </ul>
Intermediate duration training (1-6 months)	<ul style="list-style-type: none"> <li>- training courses for high-level technical and management staff</li> <li>- training in new and advanced technologies</li> <li>- sales personnel for products requiring special knowledge (e.g., chemicals and computers)</li> </ul>	<ul style="list-style-type: none"> <li>- training of skilled workers in some industries</li> <li>- advanced training for repair, maintenance and assembly mechanics</li> <li>- middle-level technical training</li> <li>- on-the-job training for foremen and middle-level technicians during the erection of new plants</li> <li>- advanced training of bank staff</li> </ul>
Long duration training (6 months and more)	<ul style="list-style-type: none"> <li>- middle- (junior) and high-level management training</li> <li>- middle- and high-level technical training <u>1/</u></li> <li>- teacher trainers</li> <li>- training of workers <u>2/</u></li> </ul>	<ul style="list-style-type: none"> <li>- apprentice schools (1, 2 or 3 years)</li> <li>- advanced courses and on-the-job training for (highly) skilled workers (such as quality control, repairs, assembly)</li> <li>- on-the-job training for machinery operation</li> <li>- schools (2-5 years)</li> </ul>

1/ Including airline pilots.

2/ In one case.

headquarters for the following reasons: to acquaint them with innovations in production processes; to familiarize them with new management methods and policies; to bring them together with their colleagues at headquarters and from plants in other countries for the purpose of strengthening their loyalty to the company and to ensure a homogeneous management attitude in all companies of the group. Such training usually lasts a few weeks and is frequently carried out in the form of seminars. However, in a few cases of companies with a tradition of in-company training, high-level technical management personnel is trained for several years at headquarters. Some post-graduate technical studies by company staff from developing countries are financed by the firm for a lengthy period, but this is rather exceptional.

While the main emphasis of such training is, not unnaturally, on advanced level personnel, more than half of the participating firms also give training to middle-level personnel of less developed countries at the firm's home base. Much of this training is purely technical, with emphasis on repair and maintenance. Training abroad of clerical and middle-level administrative personnel is much less widespread than technical training, because in many developing countries commercial schools were established long before the first technical schools were opened. However, the

service companies, especially airlines, tend to train larger numbers of middle administrative staff at headquarters than do manufacturing firms.

Training of staff for customers and subsidiaries, chiefly of supervisors and technicians, is usually made a condition of contracts involving sale of certain kinds of equipment and licenses. Such training is carried out step by step according to a fixed schedule worked out from experience. Training often starts at headquarters many months before delivery of machinery, and then continues overseas during the stage of assembling the equipment and during the first months, and even years of operation. Training of middle-level technical personnel is often a recurrent process. Varying with needs and staff policies, periodic training is given either by visiting teams from headquarters, composed of engineers and management staff, or by expatriate personnel.

Training overseas in developing countries is given in the largest numbers to workers, up to and including foremen, in a variety of forms depending on the industry, on local conditions and on national tradition. Thus, industries needing large numbers of skilled workers tend to set up apprentice schools in countries where the national educational system does not yet provide adequate skills in sufficient number. Other industries, whose need for skilled workers is smaller, arrange regular training courses, usually on-the-job training, sometimes evening classes or a combination of the two.

The social and cultural conditions in some of the African countries where participating firms operate differ substantially from those in industrial countries, and the educational infrastructure is often quite inadequate. Consequently several companies felt obliged to run primary schools (3 firms), rural schools (2 firms) and secondary schools (2 firms). Some of the firms developed extensive services for the education of young girls and women in home economics, hygiene, child care, etc. Only a few firms mentioned literacy courses, however. One firm, whose experience is perhaps typical for certain parts of Africa, stated that their literacy classes had not had much success. One company with plants in Brazil stated that foreign enterprises in that country have either to set up literacy classes or pay a special tax.

#### Volume of Training

Due mostly to the high degree of decentralization of most big companies taking part in this survey, but also to their lack of interest in compiling data with no immediate financial bearing, the statistical evidence on the volume of training activities is far from ample. Replies with regard to training at headquarters are

somewhat more complete. Of the 48 firms interviewed, 40 of them trained people from developing countries at the home base in 1965: it may be estimated that their total number of trainees was at least 4,500, and may have been even as high as 8,000. In the same year, Development Advisory Committee (DAC) member countries combined had 6,800 mainly officially financed trainees in industry and trade. [It may safely be assumed that home based training by private firms as a whole substantially exceeded the amount of officially financed training.] Lack of data for the volume of industrial training financed by DAC member country governments in less developed countries prevents a comparison of official and private industrial training activities overseas; but the fact that 13 firms trained several thousand people in one recent year, indicates that the part played by the private sector is very important.

### Discontinued Programs

One of the survey questions was whether any training program had been dropped. Programs were not usually discontinued because of failures but because changed circumstances required a new approach. Thus, one firm with activities in Africa has already wound up several training programs because of improvements in local public educational facilities and it intends to terminate several more. Several other firms proposed to follow this lead. A few companies dropped ad hoc training programs, introduced at the start of operations in new overseas plants, in favor of more regular programs. Three firms have given up training middle-level managerial personnel in Europe, finding that results did not justify the expense incurred. A few agricultural and technical schools were closed in certain African countries because it became politically unwise to continue to operate them.

### Other Forms of Technical Assistance

The most important technical assistance activity is personnel training, but most firms also give other forms of assistance, some on a considerable scale. Formal education and literacy classes have been mentioned. More than half of the European companies and nearly all U.S. firms furnish teaching materials, laboratory equipment, workshop material, language teaching equipment, books, bibliographies, etc. Some firms lend their overseas staff (teachers, psychologists, etc.) to neighboring educational institutions. Other firms occasionally send advisors or operational personnel, for instance, to help introduce new techniques. Ten companies grant fellowships for study at secondary schools or universities both on the spot and in the country of the home base. Research is being carried out in the laboratories of one group of companies on tropical agriculture and local human diseases. Another firm donated a

laboratory for the testing of plant protection products to the government of a developing country. Another company has installed a trial workshop at headquarters whose task is to work out manufacturing processes by only using materials easily available in less developed countries. Three firms established training centers which are quite distinct from the centers created for their own purposes. A French company organized a training center for mechanized agriculture in a North African country. A German company organized and permanently supervises a technical training center donated by its government to an African country. A U.S. company founded an African Education Center for business management. One group organizes, finances and maintains ten ambitious community development projects in less developed countries.

### Motivation

Not surprisingly, the reasons most often given for setting up training programs are economic in that they are strictly linked to the production process. The need for skilled workers, the difficulty of finding qualified personnel ready to go abroad and attempts to reduce production costs, or to maintain performance or quality standards, were advanced by 34 of the 48 firms as major reasons behind schemes to start training. Sometimes the company's field of activity involves such specialized technological knowledge that it is not taught in technical or vocational schools. In addition, the sale of equipment or licenses often creates a need for training: to initiate buyers' personnel in the use and maintenance of new machinery; to minimize the risks of buyers' dissatisfaction with equipment or installations due to their own incompetence; to carry out special provisions of license sales contracts; or generally, to maintain good relations with buyers or business connections. Two Japanese and four European companies were led by such commercial considerations to start training, and another five indicated them as secondary motives.

Psychological reasons are an important motivating factor, and they were quoted as ranking first or second in importance by the largest European groups, by most of the American firms, and by one firm in Japan. They include the need to create or improve a good image of a company and, in the interest of smooth operations, the need to employ as many nationals as possible right up to top management level. In one case the desire to create a good climate for racially mixed personnel was cited. Another frequent motive was the desire to anticipate moves to increase "Africanization," "Asianization," etc. In a few cases, training was started as a direct consequence of government pressure, including laws and regulations, in this direction. Most of the companies who did not indicate local nationalist policies as a training motive, already employed a high quota of national personnel.

## Results

What are the results of the technical assistance rendered by the companies interviewed? Many of the European firms started training programs and some other technical assistance activities five to ten years ago; others started earlier, some in the late 1940s. Several U. S. companies initiated training in the early 1930s, and four of them were active in this field at the beginning of the century. Japanese firms, on the other hand, are mostly newcomers. Since the majority declared themselves satisfied with the results of their programs, and most of them indicated economic reasons as their foremost motives, good results should have brought economic advantages.

Decrease of production costs through better training of workers and a larger delegation of responsibility down to worker level were frequently reported. A mining company operating in Africa supplied a striking example: mainly as a result of improved training, the number of miners employed dropped from 2,200 to 1,300 at a time of rising production. The decrease in numbers of expatriate middle- and high-level technical personnel and high-level management staff is striking in several cases. Thus one manufacturing company reported that after five years' training activities, the number of expatriate workers in North African plants decreased from 48 to 18 percent, and, in countries south of the Sahara, from 15 to 10 percent. In Algeria, between 1962-65, the proportion of local high-level personnel increased from 0 to 32 percent, while middle-level personnel increased from 0 to 60 percent in the upper brackets, and from 13 to 85 percent in the intermediate brackets. An important oil company reported that in a period when production increased by 250 percent, the number of expatriate technical personnel decreased by half. A worldwide tobacco group also cut expatriate staff in less developed country companies by half (from 1,000 to 500) as a result of arranging management training.

With few exceptions there is a generally professed desire to replace expatriate by local personnel in overseas plants either entirely or as near to entirely as possible. The most typical answer was that companies are eager to train less developed country personnel for high positions and would prefer to keep only a few key positions, in particular of technical top management, in expatriate hands. Satisfaction with results often coincides with an explicitly progressive attitude of the company's top management. They express a belief in the equality of all racial groups in respect of intelligence and aptitude, and hence of potential performance. Several companies have gone to considerable lengths in designing special tests for screening candidates of all levels for training, the elaboration of new training methods, and, the adaptation of management



policies to different environmental conditions and mentalities, and are generally satisfied with the results.

Other firms, however, especially those with commercial orientation and those who are led to manufacture in a given country so as not to lose a market, tend to adopt a more matter-of-fact attitude. They seem to keep their efforts to a minimum compatible with their own interests. The basis of this survey is too small to permit any generalizations, but it may be suggested that the least positive results are sometimes obtained in traditional industries (such as textiles and mining, with notable exceptions), where major technological changes do not oblige the management to alter their methods and approaches fundamentally, and where the major reason for starting training programs and other forms of technical assistance is either political pressure or the need to create a better image.

#### Loss of Trained Personnel

The category of firms mentioned in the previous paragraph showed comparatively strong feelings of resentment about the loss of good local personnel they had trained to the government sector of newly independent countries. The drain was especially heavy in those African countries where little effort had been made before independence to build up an indigenous civil service. The more progressive companies, particularly the big groups, reported that they too first resented this loss of trained personnel, not only to government but also to other companies. In some cases, they had tried to counteract this by introducing training contracts stipulating that the trainee should work for the company for a minimum number of years after completion of training. However, some firms found that these contracts could not be enforced; and they in fact profited from this trend through better relations with the government and administration of the country of operation. Furthermore, general experience indicates that with the strongly growing numbers of people receiving training abroad, financed by one source or another, the danger of losing their best people in this way is steadily being reduced to reasonable proportions.

Japanese companies seem to take a much less philosophical attitude towards the loss of personnel they have trained. This is perhaps explained by the Japanese tradition whereby a person usually stays in one company for life. Moreover, as compared to other firms in the group, their training activities are more recent, and they have had less experience in this field.

[ Excerpted from Pilot Survey on Technical Assistance Extended by Private Enterprise.  
Paris: OECD, 1967, pp. 5-7 and 14-34. ]



# SOCIAL CHANGE



MAURITANIANS IN TRADITIONAL DRESS VISIT THEIR NEW  
SOCIAL INSURANCE BUILDING AT NOUAKCHOTT, WHICH  
SYMBOLIZES THE RECENT ESTABLISHMENT OF THEIR  
SOCIAL SECURITY SYSTEM. [PHOTO: INTERNATIONAL  
LABOUR OFFICE]

## Inducing Social Change in Developing Countries

Herbert H. Hyman, Gene N. Levine  
and Charles R. Wright

[ The views of 445 experts engaged in technical assistance work directed toward social change in less developed countries were sought in a survey prepared for the United Nations Research Institute for Social Development. Among the findings: majorities favor slow approaches with relatively modest goals of change, persuasive and interpersonal techniques, and flexibility vis-a-vis local conditions. Differences between regions tend to be minor. ]

The varieties of experience included under the terms development project or technical assistance stagger the imagination. Programs which work through communication, persuasion, or education and depend for success on the voluntary cooperation of the affected population, are those which demand the fullest understanding of subtle social and psychological processes. By deep and broad inquiry among experts whose prime power for change is their knowledge of these processes, we may learn some of the secret.

The 326 "foreign" and 119 "national" experts who were interviewed or filled out questionnaires for this survey represent a large sample of those who are engaged in the pertinent kinds of technical assistance around the world. The "foreign" informants

Dr. Hyman is a Professor at Wesleyan University, Middletown, Connecticut;  
Dr. Levine is a Professor at the University of California, Los Angeles;  
and Dr. Wright is a Professor at the Annenberg School of Communications, University of Pennsylvania, Philadelphia.

were obtained from lists (totaling 400 names), supplied by the appropriate agencies of the United Nations and the governments of France, Britain and the United States, of persons who had:

1) worked professionally in agriculture, health and nutrition, adult education and home economics, or in community development; 2) had at least three years' experience of such work in developing countries; and 3) worked recently (1959-65) for a minimum of nine months in one of the 13 developing countries chosen to provide a wide range of conditions, areas, cultures, etc. These countries were: Colombia, Ecuador and Mexico; Madagascar, Nigeria, Senegal and Tanzania; Morocco, Turkey and the United Arab Republic; Cambodia, Iran and Pakistan. The "national" experts were nationals of these 13 countries who had worked on foreign-sponsored projects and were matched with the foreigners in their job situations and length of experience on projects. [For further detail on the sampling, methods of inquiry and controls on error, see article by the same authors in The Public Opinion Quarterly, Vol. 31, Spring 1967, pp. 9-26.]

### General Approaches to Development

We asked each of our informants to reflect upon his years of experience in development activities, and to extract whatever general principles and judgments he felt were warranted. The focus of our questions was on methods and approaches that lead to success in introducing social change on the local level, and on determining what conditions facilitate or impede a project.

No single factor emerges as outstandingly important to success. No single item is spontaneously mentioned as the major factor by as many as one quarter of the experts, but certain factors are mentioned more often than others. The two most common factors (each mentioned by about one fifth of both foreign and national experts) are the prior planning of the project, and the quality of the staff—its abilities, continuity, attitudes toward the local population, preparation, and other personal qualities. Four other factors are each mentioned by about 10 to 15 percent: first, adequate knowledge (knowledge of local or national situation, community needs, local customs and language); second, procedures (ones that increase motivation, interest, participation and cooperativeness of the local population); third, the project's material and financial resources and backing; and fourth, certain attitudinal conditions (for example, the local population's awareness of their need for help, their interest in the project, their cooperativeness and willingness to participate in the development program). The six factors listed account for nearly the entire array of answers given. [See Table 1.]

Table 1; Experts' judgments as to what  
is the major factor that makes for an effective development project

	Foreign experts	National experts
<i>Methods or project factors :</i> .....	75%	82%
Quality of the staff .....	21%	21%
Prior planning of the project .....	16	23
Knowledge of local or national situation, lan- guage, customs.....	15	13
Project's material and financial resources and backing .....	12	12
Using procedures that increase motivation, inter- est, participation, cooperativeness of the local population .....	10	11
Other methods or project factors .....	1	2
<i>Conditions</i> .....	19	12
Attitudinal conditions of local population .....	13%	8%
Social structural conditions of community .....	5	4
Natural resources .....	*	0
Other conditions .....	1	0
<i>Vague or no answer</i> .....	6	6
	100%	100%
Total number of informants .....	(326)	(119)

\* Less than 0.5 per cent.

No matter how powerfully designed a social development project may be, no matter how sophisticated and informed its methods and staff, there are bound to be features of the local environment that can aid, hinder, or even frustrate completely the program's achievements. In certain villages, whatever the causes, one may encounter very strong resistance initially from the local population. Two thirds of our foreign experts reported that such resistance arises at least occasionally and one fifth of them believe this happens frequently. These figures do not merely reflect the unique perspective of foreign experts in a country because nearly three quarters of the national experts also said that this happens at least occasionally including one quarter who said it is a frequent occurrence. Only 3 to 4 percent of the experts believe that such resistance never arises.

We asked the experts to tell us which of ten factors in the local situation is generally the greatest hindrance and which the least hindrance to the success of development projects [ see Table 2 ]. Again, no one "obvious" factor was seized upon by all or even by most informants. Foreign experts are somewhat more likely to see traditional cultural or religious practices as the greatest

Table 2: Experts' opinions about which one of certain specified local conditions is the greatest hindrance to success of development projects, by region

	Foreign experts				National experts			
	Latin America	Middle East	Africa	Asia	Latin America	Middle East	Africa	Asia
Traditional practices .....	32%	26%	19%	25%	15%	11%	19%	9%
Low level of general education .....	21	18	14	25	22	18	31	36
Absence of progressive leadership .....	5	16	12	16	15	7	8	—
Lack of coordination among agencies ..	4	3	13	9	11	20	6	9
Contentment of local population .....	5	9	11	3	7	7	3	9
Belief they cannot improve .....	5	7	10	9	—	13	3	—
Inadequate natural resources .....	9	4	4	2	4	7	3	—
Internal conflicts among villagers .....	7	6	3	2	7	4	19	—
Inequitable ownership .....	4	—	3	3	7	4	—	—
Distrust of non-nationals .....	—	—	1	—	—	2	—	—
No opinion or no answer .....	9	10	10	6	11	7	8	36
Total number .....	100% <sup>a</sup> (57)	100% (68)	100% (144)	100% (57)	100% (27)	100% (45)	100% (36)	100% (11)

<sup>a</sup> In this table and throughout the book the totals may be slightly higher or lower than 100 per cent because each category was rounded to the nearest percentage point.

obstacle to success than nationals (24 as compared with 14 percent). In turn, national experts are more sensitive to the low level of general education in a community than are foreigners (25 and 18 percent respectively). Otherwise, there is remarkable similarity in the views of both groups. With one exception, all other factors are chosen by small minorities (2 to 13 percent) of both foreign and national experts. The exception is a general distrust of non-nationals, which only two informants see as the major hindrance to success.

The contrasts among some of our 13 countries with respect to such structural conditions as land tenure, social conflicts, and natural resources might lead one to expect large regional differences in the judgments about which local conditions are most likely to hinder development projects. As Table 2 reveals, large regional differences are rare, but there are some smaller ones. For example, more African nationals mention internal conflicts among villagers as a major obstacle to success.

### Strategies for Introducing Social Change

Can there be such a thing as a general strategy for introducing social change on the local level, or does each development project confront such a highly specific set of local conditions and program objectives that no common experience can provide even crude guidelines? Consider as an example the matter of flexibility in procedures.



Should one set out a particular line of approach to development and stick with it throughout a project, or is it better to be flexible in one's practices? Common sense can argue either course of action; tenaciously overcoming each obstacle to a good plan until the very end is reached, or tailoring to fit the changing conditions encountered.

Most of our experts believe that flexibility is necessary to suit special local conditions (78 percent of the foreigners and 88 percent of the nationals). But quite a different picture is given of the need for flexibility throughout the life of a project. Only about half of either the foreign or national experts (50 and 54 percent) would generally advise the employment of markedly different procedures in the initial and later stages of a long-term project. Forty-three percent of the foreign and 40 percent of the national experts would advise using substantially the same procedures throughout (6 to 7 percent have no opinion). When the spheres of specialization are considered, about two thirds of those working in community development advise the use of different procedures, but about six in ten of those in health or nutrition favor the use of the same procedures. We suspect that these differences are related to the different scope of the tasks considered essential in these spheres.

We have seen that many of our informants regard traditional practices in health, agriculture, and other spheres as serious obstacles to the success of development projects. In some cases a specific practice is precisely that which the project seeks to change, e. g., by introducing new methods for the disposal of human waste, or new methods of crop irrigation. However, an attempt to change these specific practices sometimes implicates a whole set of related traditional practices. There has been an influential body of opinion in favor of a comprehensive or "package" approach to social change which takes into account the possible need to change a whole set of traditional practices in order to achieve development aims.

Which is the better strategy? Should each traditional practice be the focus of attention, or is it better to make a comprehensive assault on a larger number of interrelated practices all at once? The majority of our informants favor a selective approach to one pattern of behavior at a time as a long-run strategy of social change. Sixty percent of the foreign experts and 68 percent of the nationals make this choice. About one third of both groups think that a comprehensive approach to many different traditional practices is a better strategy. (Less than 3 percent did not venture an opinion.) The majorities in all spheres of work tend to favor a selective approach—with one exception; again community development workers have somewhat different views from the others, and we surmise that this reflects the complex, omnibus goals that regularly confront projects in that sphere.

The pace at which one attempts to introduce social change also is an important strategic issue. Is it better to move swiftly, perhaps dramatically, bringing innovations into the local community so rapidly that they have a chance for rapid diffusion and acceptance before any potential opposition is engaged? Or, as one informant warns, does fast action run too great a risk of being superficial? Is it then better to proceed slowly, gradually winning over one's possible opposition and creating as little disruption of normal village life as possible at any one moment? Most believe that proceeding at a slow pace generally has the greater chance of success in the face of traditional ways (78 percent of the foreign experts and 80 percent of the nationals); only 15 percent of the foreign and 17 percent of the national experts favor fast action. This overwhelming support of a slow tempo appears in every region and sphere of activity.

By combining each expert's advice about the breadth of attack upon traditional practices with his views about the most effective pace, we gain perspective on two dimensions, scope and time. At one extreme is a strategy of comprehensive and rapid approach to social development on the local level—a full-scale attack, so to speak; at the other extreme is a strategy of concentration on a selected and limited number of practices and approaching them at a measured pace. In between are mixed strategies. Hardly any of the experts advise a full-scale, rapid approach to social development: only 6 percent of both foreign and national informants believe that this approach has the greatest chance of success. By contrast, 53 percent of the foreign experts and 58 percent of the nationals believe the selective and slow strategy is advisable. Next in order, 30 percent of the foreign group and 25 percent of the nationals favor the comprehensive, slow strategy, while the remaining 11 percent of each group favor speed plus selectivity.

The success of non-coercive development projects depends upon gaining the good will and active cooperation of the general population. But it may not be necessary that every member of the local community be contacted and persuaded; rather, success often seems to depend upon enlisting the support of the right kinds of people in a community. For example, an agricultural expert in Latin America said: "Work through accepted local leaders and through them try to convince those that present the resistance."

The decision as to which persons in a community are important and safe intermediaries in approaching the local population is a difficult one. Intimate details about village social systems are not often available in advance of projects and therefore it would be extremely helpful to find broader guidelines about the types of people that generally seem to be safe or risky intermediaries. We asked whether it is a safe strategy or a risky one to use each of the types

**Table 3: Experts' judgments about whether it is generally a safe or a risky strategy to use each of various types of persons as intermediaries, by region**

*Per cent shown who say each type is "safe"*

	<i>Foreign experts</i>				<i>National experts</i>			
	<i>Latin America</i>	<i>Middle East</i>	<i>Africa</i>	<i>Asia</i>	<i>Latin America</i>	<i>Middle East</i>	<i>Africa</i>	<i>Asia</i>
School teachers .....	84%	74%	72%	74%	70%	78%	81%	91%
Progressive element .....	67	56	53	*	85	64	58	*
Youth .....	65	56	52	47	81	71	67	64
Government officials .....	38	62	49	53	32	80	56	64
Religious leaders .....	60	45	43	46	58	47	52	27
Missionaries .....	33	12	34	12	30	18	53	36
Midwives .....	19	21	24	18	15	24	33	18
Merchants.....	19	19	9	18	19	20	17	18
Healers .....	12	13	12	9	7	16	20	9
Total number .....	(57)	(68)	(144)	(57)	(27)	(45)	(36)	(11)

\* This item was deleted from the version of the questionnaire prepared for use in Asia.

of persons listed in Table 3 as intermediaries in approaching the local population in a development project. The appraisals by foreign and national informants are highly consistent, except that the foreign experts are somewhat more likely to express uncertainty (i. e., no opinion) about certain types of groups as intermediaries. Indeed, the general lack of certainty in evaluating some types of intermediaries is in itself an important finding, clearly underscoring the danger of prejudging the issue.

One might assume, for example, that it is not a good strategy to speak through the voice of the youth of the community. Authority, prestige, and leadership are customarily vested in the older members of society. By using young persons as intermediaries one approaches the local population through its least prestigious and most powerless stratum. But the views of our experts suggest that the stereotype is no longer a faithful guide for action: fully 71 percent of the nationals and 54 percent of the foreigners believe that it is generally a safe strategy to use the youth of the community, and relatively few experts definitely consider the youth as risky. Other types of persons would seem to be safe and useful choices as intermediaries because their jobs bring them into close contact with their neighbors; local shopkeepers, traditional healers, midwives,

and missionaries are examples. Nevertheless, very few experts regard local merchants, traditional midwives, and traditional healers as safe intermediaries; more informants see them as risky, and a sizable portion are uncertain about their use. Missionaries, too, are regarded more often as unknown risks by the experts. Local government officials may appear to offer an attractive and safe approach to the population; to some extent our informants agree—only about one fifth of the foreign or national experts would rate officials as risky—but large percentages were uncertain about their utilization. Only school teachers are regarded as generally safe intermediaries by a substantial majority of both foreign and national experts (75 percent and 77 percent respectively). Only a handful of experts regard them as generally risky.

One might anticipate that certain roles are evaluated differently according to the region of the world in which the expert is working. A higher percentage of the experts in Latin America than elsewhere regard local religious leaders, youth, and the progressive elements as safe intermediaries, while government officials elicit less support. Middle Eastern experts are more likely than others to judge local government officials as safe intermediaries and less likely so to regard missionaries. In Asia, the youth are less likely to be considered safe than elsewhere. In Africa, missionaries and midwives are rated higher, and merchants lower, than elsewhere. In all areas school teachers are rated at the top or next to it.

#### Appeals to Local Population

Since most experts advise a selective and slow approach to the task of changing traditional practices, we need to know: just how might such persuasion be phrased? It may seem a good idea, for example, to point up the disadvantages of the old practices; then, newly enlightened, people will be willing and eager to adopt something new. But after all, people are accustomed to their own patterns of behavior and may not welcome having their "deficiencies" spelled out, especially by outsiders. Maybe, then, one should not criticize the old but stress the advantages of the new. But should one focus on the immediate or the ultimate advantages of the change? When immediate gratifications are not inherent in the nature of the development project because its benefits require a longer time to become evident, one might even invent immediate rewards such as offering people a modest monetary incentive to change. But there may be danger in this line of action, too, for the use of rewards extraneous to the real objectives of the project can have unanticipated and unwanted consequences for social development. In any case, the commonly heard opinion that people in developing countries will not act on long-run considerations may very well be wrong.

It may be a better strategy to search for visible advantages of the new practice; perhaps one can point to them in a nearby village in which the social change has had time to prove itself. In some fields of development, medicine for example, the advantages of change may be immediately dramatic and visible: "You can go into a community where they have 40 percent yaws and you give them a shot of penicillin and come back a week later and it's all cleared up. You can do anything you want after you have established this respect." As an alternative to appeals stressing the advantages of a new practice, it is possible to attempt persuasion by leaning upon the authority of prestigious persons. But whose endorsements will carry the most weight?

We asked our informants to judge which one of eight appeals would be most effective and which would be least effective with average adults in the local population in getting them to change some habit or practice [see Table 4]. The findings are quite dramatic. Few informants, foreign or national, recommend telling people of the disadvantages of their old practices, and about one fifth of either group judge it as the least effective strategy. Mentioning endorsements by foreign authorities is most commonly judged as the least effective appeal—both by foreign and by national experts. Indeed, none of the three suggested sources of endorsement for new ideas—

Table 4: Experts' opinions about which one of various appeals would be most and which least effective with average adults for changing some habit or practice

	Foreign experts		National experts	
	Most effective	Least effective	Most effective	Least effective
<i>Appeal:</i>				
Describing the advantages other communities have already gained by adopting the change . . . . .	28%	1%	38%	0%
Describing the long-run advantages for them if they change . . . . .	22	2	12	4
Offering them a modest monetary incentive . . . . .	14	12	9	14
Describing the benefits their children will reap in the long run . . . . .	13	2	13	5
Having the nation's political leaders endorse the idea . . . . .	6	4	7	8
Telling them of the disadvantages of the old practice . . . . .	2	18	3	18
Mentioning endorsements by foreign authorities	1	47	0	34
Having other authorities in the country endorse the idea . . . . .	1	2	2	2
No opinion and no answer . . . . .	13	12	16	15
	100%	100%	100%	100%
Total number of informants . . . . .	(326)	(326)	(119)	(119)



national political leaders, non-political authorities within the country, foreign authorities—receives many choices as an effective appeal. The choices for the most effective appeal distribute themselves mainly over four categories: describing the advantages other communities have gained, the long-run advantages for themselves, the benefits their children will reap, and offering a modest monetary incentive. Few informants regarded any of the first three of these appeals as the least effective; but monetary rewards generate sizable reactions in both directions, almost evenly divided between pros and cons with the foreigners somewhat more favorable than the nationals. There are only minor differences among informants for the four regions, nor are there significant differences for the spheres of specialization.

We also asked whether there is a combination of the appeals on the list that would be most effective. Three appeals emerge as clearly favored above the others: describing the advantages other communities have gained, describing the long-run advantages of change, and describing the long-run benefits children will reap. What is most striking is that they are of a kind that suggests an overall strategic theme of persuasion, for each refers to describing the advantages of the proposed change. However, a word of caution is in order; although the compelling theme described above appears more often than any other set of appeals, it is by no means endorsed by a large majority.

"Felt needs." There has been much discussion, especially in the field of community development, about the use of what has come to be called the "felt needs" approach as a general strategy of social development. Essentially, it recommends action according to the desires expressed by the people themselves, and not necessarily according to the aims of the project or to needs that may objectively exist but are not recognized by the people. How pervasive is this philosophy among our experts?

For the most part the strategy simply is not salient for our experts. Given eight opportunities for it to appear in some form, it was hardly mentioned explicitly or otherwise. Fully 83 percent of the foreign and 86 percent of the national experts make no reference whatsoever to the concept of felt needs, let alone to the term itself. Sixteen percent of the foreigners and 13 percent of the nationals mention either the concept or the term, with no indication of any negative attitude toward the approach as a strategy; and one percent of each group expresses a negative attitude. In the community development area, most experts do not spontaneously recommend the strategy; 78 percent never even refer to the concept.



## Means of Communication

A variety of means has been utilized in communicating new ideas to local populations. We requested the informants to tell us which were employed on their latest projects, and to select the most and the least effective ones. The experts were presented with two lists of possible methods of communication—the one concerned with face-to-face techniques and the other with formal means (print and other sight and sound media).

A sizable proportion report having had project experience with each of the six face-to-face techniques on the list except study tours. Foreign informants report the widest use of group discussion (75 percent), demonstrations (75 percent), and home visits (71 percent). Next, over six in ten say lectures were used. Another high proportion (56 percent) mention training courses. Only 35 percent report use of study tours. The national informants' replies are much like those of the foreigners. In agricultural work, special reliance is placed on demonstrations and group discussion. In health and nutrition the home visit is most widely employed, especially by the foreigners. Community development projects rely heavily on group discussion—but almost as heavily on all the other techniques as well, except for study tours.

Though widely used, what is the relative effectiveness of the various means under discussion? Informants who said that more than one of the listed means were employed were asked which of those used was the most effective and which least effective. It is clear that the demonstration method is the most highly regarded, especially among the foreigners (see Table 5). No other method on the list receives nearly so high a score. Among the national users, too, demonstrations score high in comparison with other techniques, although group discussions are a strong contender—which probably attests the nationals' greater ability to conduct them in the people's language. We find also that demonstrations, home visits, training courses, and group discussions are rarely rated as least effective. But among their many users, foreign and national alike, lectures are by far the most often chosen as least effective.

The lesson is clear: experience dictates that local people should be shown the advantages of a new procedure; they should be talked with and not lectured at. Further inquiry into specific ways of making demonstrations effective showed expert advice favoring especially two methods: involvement of local people, and "doing it simply, slowly, vividly."

We also asked: "Which of the listed means of formal communications were employed in your project?" Each of the eight means

Table 5: Most Effective and Least Effective  
Means of Communication

Of those who could and did rate method, percent shown who rate it as:				
	<u>Foreign Experts</u>		<u>National Experts</u>	
	Most Effective	Least Effective	Most Effective	Least Effective
<u>Face-to-Face Communication:</u>				
Demonstrations	65%	3%	48%	4%
Group discussion	20	9	35	10
Home visits by staff	24	8	23	11
Training courses	15	2	12	8
Study tours	4	23	7	30
Lectures	3	82	4	74
<u>Formal Communication Media:</u>				
Documentary films	25	29	54	10
Animated cartoons	10	17	7	0
Other audiovisual aids	18	2	26	10
Radio broadcasts	14	23	28	17
Closed-circuit television	0	0	0	2
Books, brochures, etc.	29	25	17	38
Placards, posters	26	18	18	22
Newspaper articles	11	48	6	48

listed except the most recent innovation, closed-circuit television, has been used frequently on the projects. Placards, posters, books, brochures, bulletins, and leaflets were especially widely employed. Documentary films, newspaper articles, and radio broadcasts follow in popularity. There are few really notable differences in means employed among the various project spheres. It is perhaps surprising to find that print has been employed so widely, for many of the projects have been directed toward largely illiterate populations. In 54 percent of the project sites three fourths or more are reportedly illiterate. But even in largely illiterate groups there are some persons who can read; accordingly, we find that printed media are used only a little less frequently among largely illiterate populations than among more literate ones.

When asked to rate the most and the least effective of the eight formal means employed on their projects, we find that a large

minority have no opinions on the matter (40 percent of the foreigners and 34 percent of the nationals). Among those who used more than one means and provided rankings, there is no concentration of opinion in favor of one of the media. Sight-and-sound techniques compete about evenly with print as the most or the least effective means, with national experts tending more to favor the former, and foreigners the latter [see Table 5]. Newspaper articles tend to be the least preferred choice among the printed media, perhaps because of their greater anonymity. National users of documentary films give them a particularly high rating as most effective—but a large minority of the foreign users (29 percent) rate them as least effective. The reader might question whether the informants report any combination of several means of communication that was especially effective on their projects. We asked them, and fewer than half reply that there was and went on to name a combination. No particular combination overshadows others.

#### Outcomes of Most Recent Projects

Although many avoidable mistakes were acknowledged, the vast majority of these experts regard their latest projects as successes. Eighty-nine percent of the foreigners and 97 percent of the nationals say the main objectives of projects were achieved, and about nine in ten believe the changes will be lasting. Forty-three percent of nationals and 27 percent of the foreigners rate their projects "very successful," all but ten percent of the rest say "moderately successful," and only one man admitted total failure.

We believe one reason for their satisfaction is the unexpected positive effects their work had on general patterns of thought and behavior that are fundamental for social change. Many projects reportedly made people more aware of the need to plan their use of time, created mutual trust, improved habits of work, and—perhaps most important—reduced feelings of fatalism. Two thirds of both expert groups remark on this last effect; project staff may forget even technical errors or personality clashes if the people can begin to believe that they themselves can do something to improve their lot.

[ Excerpted from Inducing Social Change in Developing Countries: An International Survey of Expert Advice. Geneva: United Nations Research Institute for Social Development, April 1967, pp. 11-86 and 128-155. UN Sales No. 67.IV.4: available in English, Spanish and French. ]

## Cultural Change and Economic Development

Maurice Zinkin

[ Certain groups of people, with some values different from those of the majority, have historically been key instruments of economic development and change in their societies. Intellectual curiosity about material things, willingness to change, innovate and take risks, and social mobility are some of the crucial cultural elements necessary for change. ]

Historically, there is a reasonably clear correlation between economic growth and certain sorts of cultural change. The societies which have become richer are also societies in which women have become more equal, the workers have become of political importance, traditional religion has lost some of its hold, and ties to groups smaller than the nation, whether extended family, tribe or class, have weakened. What one does not know is how far these changes have been the consequence of growth, and how far the cause. One does not even know whether many of them might not have happened anyway. After all, development in the France of 1789 had not proceeded very far; and the pioneer of industrialization, the United Kingdom, has until recently been noted for its social conservatism. Swinging London is a phenomenon of an age when Britain has been almost at the bottom of the league table of growth.

Growth has, indeed, occurred under regimes of many different sorts, in Tzarist as well as in Communist Russia, in Brazil before as well as after the liberation of the slaves, in the liberal England of Victoria and the interventionist Germany of Bismarck.

Professor Zinkin is with  
Unilever Ltd., London.

The most striking successes of the postwar world range from the free enterprise of Erhard's Germany through the business-government partnership of Japan to the workers' control of Yugoslavia.

Much development has been the work of men who were certainly not conscious of having changed their values at all. Most of the successful Jewish entrepreneurs of 19th century Europe were Orthodox, firm adherents of a system of values which had not moved for 1,500 years at least, and which had originally been worked out in a society of small hill peasants. Many of the founders of Britain's businesses were good non-conformists, whose view of the world had not changed for 300 years, and who believed themselves to be following rules laid down long before that. The original Zaibatsu of Japan were just as traditional, just as respectful of the Emperor as any peasant farmer; it is difficult to think of any social change which they initiated. Twentieth-century Indian entrepreneurs have frequently been good Jains, observant of every little rule about what they might and might not eat. Even in the Communist countries, the managers who drive the economy forward seem to be rather conventional Communists: they leave the arguments for change to journalists and intellectuals.

It has been argued that though these men were not individually different, they belonged to groups whose values were different from those of the majority, and in a way which made them particularly good instruments of development. There is probably something in this. For instance, all these groups had a certain respect for business success; they all placed a value on thrift; they were all accustomed to urban life, and they were all highly literate (though usually for reasons which had nothing to do with economics). But, by itself, this argument proves too much. Why were there no Cadburys and Levers in the 17th century, or Kasturbhai Lalbhais in the early 19th? There is more to development than a few favorable minority attitudes.

Nevertheless, there are some ways of looking at life which are probably a pre-condition of economic growth, and certain others which are at least helpful. The most important of the pre-conditions may well be a widespread intellectual curiosity about material things. There must be quite a lot of people with a thirst for new knowledge, since without new knowledge there can be no new methods, no new industries; and if one continues with the old methods and the old industries, gross national product (GNP) may increase as population increases, but income per head will not.

This may seem like a platitude, yet it is curious how rare this sort of intellectual curiosity has been in human history. There has



been much inquiry into the nature of God, and outbursts of speculation about the proper constitution of the state, but there has been much less interest, in fewer societies and in fewer centuries, in the theory of running a bank or operating a mine, or even in the science of agronomy. In the whole of the Bible, there is not one verse of advice on how to run a farm; nobody in Homer discusses how to build a better ship or make a better spear. It is not an accident that the societies which have developed economically have also been societies in which this bump of curiosity had become conspicuous. England had been a leader of scientific thought for two centuries before the Industrial Revolution; the American interest in applied knowledge was passionate from the beginning; some Japanese were running great risks in order to learn about guns, ships, and other useful arts from the Dutch already in the later days of the Tokugawa Shogunate; the great expansion of education which has accompanied all Communist revolutions so far encourages curiosity in practical, material subjects, whatever it may do about political science.

The next pre-condition is a willingness to accept change. This is a less absolute pre-condition than intellectual curiosity. People cannot be compelled to be curious; they can only be encouraged to be so. People can be compelled to change, sometimes in their beliefs—not all persecutions fail—much more frequently in their ways of behaving; they can be made to come to the factory on time, or to consolidate their holdings; they can be stopped from keeping pigs in towns or spending their savings on extra wives. There are, however, limits to compulsion. Only a very totalitarian regime indeed can compel people to save instead of spending money on the marriages of their children. Probably no government could survive which tried to compel Hindus to eat beef or Muslims to eat pork.

Without the willingness to innovate, the intellectual curiosity will never get further than a book. If it is to take effect, somebody must be prepared to try the new knowledge in practice, to build the new machine, plant the new seed, experiment with the new mode of communications. But some willingness of this order is probably fairly widespread. Few 19th century nations showed much reluctance over building railways, and there has been no aristocracy so steeped in tradition that it has refused to use motor cars. Indian and Japanese peasants are just as quick as English or American farmers to try artificial fertilizer once its uses are made clear to them and they can find the money. What is lacking in many societies is not the willingness to try new things, but the marketing ability to make clear what the new things can do and to make them available to the right people at the right time in the right place at the right price.

Economic development requires not merely a willingness to innovate, but also a willingness to re-examine any tradition, custom, or belief which can be shown to stand in the way of growth. When the innovation challenges some deeply held belief or practice of the society its acceptance is much more difficult, as is shown in the history of family planning or of middle-class married women going out to work. It is at this point that development and the more fundamental values of the community may clash. Clearly it would be ridiculous for Israel to increase its national income by making the Day of Atonement a working day, or for poultry-keeping to be forced on Jain villagers as a spare-time occupation. Equally clearly, there are occasions when an old rule can be reinterpreted in the light of new knowledge to meet a new need. There are Hindus who argue that their Vedic ancestors ate beef, and Muslims who contend that purdah is not Koranic. Societies which are quick to such reinterpretations, as the Protestant countries have notably been, are likely to develop more quickly. Whether this is at the expense of the quality of their life in areas more important than the material is a matter of opinion; it is relevant that the leaders of thought in poorer countries have so often thought that the price paid by the richer countries for their material success, in terms of more eternal values, was too high.

In all probability, a high acceptance of social mobility facilitates growth. Economic growth needs to occur at many points; thousands of shops have to go self-service, millions of peasants have to use tractors or dyke their fields. Law and order can be enforced, as the high culture can be preserved, by a small upper class. In an unchanging society, therefore, social mobility is not necessary; it may even be more disturbing than it is worth. But growth requires everybody's capacity to experiment. It is at least as important for the Indian untouchable to try new ways of tanning or of sweeping, as it is for the Minister to decide on a new steel mill. Since everybody's ability to change needs to be used, it must be possible to reward all those whose changes come off; and that means general mobility, since the reward which matters most to many people is an improvement in their status.

This is, moreover, a mobility of a rather different sort from that which was customary in many societies in the past. No society has been so stationary that mobility could not be achieved by those who could use force successfully, by some very pretty girls or exceptionally saintly men. But none of these are distinctions of much use to growth. Growth requires that mobility should be achieved by much less exciting people—shopkeepers who reduce their percentage of stock to turnover, industrialists who market sewage pipes successfully, peasants who add field to field and double the yield every time, Communist managers who overfulfill their plan, members of

a Yugoslav hotel cooperative who refrain from feeding tourists on fruit compote. So far, only the Americans have given their wholehearted admiration to such people; that is one reason why America is so rich, just as much of Europe has been held back economically by its preference for professors, officers of the armed services, and civil servants trained in the classics. Some Europeans would, of course, argue that the loss of growth has been compensated by a more attractive society to live in; and the Americans themselves seem now to be losing some of their admiration for successful economic innovation.

Almost certainly necessary to growth is a fairly high propensity to take risks, and the ability to take them successfully, at least in a capitalist society. Indeed, there is a straightforward cause and effect relationship. The entrepreneur sees an opportunity and takes a chance on it. If the chance comes off, he not only adds to his own fortune, he also increases the wealth of society by a new enterprise. If he fails, he loses his money, and society loses those resources which cannot be used for something else. If nobody takes a chance—and almost every innovation involves some risk, whether it be a new fertilizer or a new time for a passenger train—the community cannot develop.

[ Excerpted from a paper presented to the  
11th World Conference of the Society for  
International Development, New Delhi,  
14-17 November, 1969, Roundtable E,  
Paper No. 1 (Session 3), pp. 1-3. ]

In Africa, Asia, and Latin America, the DIGEST is distributed through the U. S. Agency for International Development to persons with a professional concern with the development process. Requests for copies should be directed to the AID mission or, if there is no AID office, to the U. S. Embassy.

Readers in North America, Europe, Japan, Australia, and New Zealand, may purchase the DIGEST from the U. S. Government Printing Office. An annual subscription (4 issues) is \$3.00 in the U. S., \$3.75 elsewhere. Single copies are \$.75. A discount of 25 percent is offered on purchases of 100 or more. Subscription order, enclosing payment, should be sent to:

Superintendent of Documents  
Government Printing Office  
Washington, D. C. 20402





